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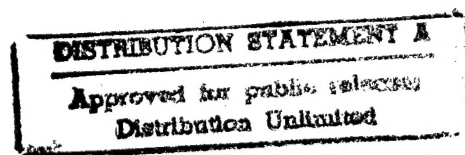
7 January 1983

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# China Report

ECONOMIC AFFAIRS

No. 299



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FOREIGN BROADCAST INFORMATION SERVICE

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## ECONOMIC MANAGEMENT

### IMPROVED ECONOMIC RESULTS SEEN NECESSARY FOR PLANNING

Beijing ZHONGGUO CAIMAO BAO in Chinese 6 Nov 82 p 3

[Speech by Chen Jinhua [7115 6930 5478], Deputy Secretary of Shanghai Municipal Party Committee and Vice Mayor of Shanghai: "In Planning, Improvement of Economic Results Should Serve as the Guiding Thought"]

[Text] Editor's note: One of the demands made by the 12th Party Congress is to focus all economic work on the attainment of better economic results. Shanghai's economic results are relatively good in the country, and the people here have done a great deal of work in this respect. At a recent meeting, Comrade Chen Jinhua made a speech especially dealing with the guiding thought in, the measures for, and the effects of improving economic results, based on the practice of economic work in Shanghai. We are publishing this speech in the hope that it will attract the attention of various areas and departments so that the work of improving economic results will dominate all other work.

Shanghai's economic results are relatively good, mainly because of the correct guiding principles formulated by the Party Central Committee. This is also the result of the repudiation of "leftist" errors in economic work and the great deal of work in setting things right; the result of strong support from the fraternal provinces, municipalities, and areas; and the result of the combined efforts of the broad masses of cadres, workers, engineers, and technicians in constantly overcoming arrogance and complacency and actively forging ahead under the leadership of the municipal party committee. We have paid special attention mainly to the following four aspects.

I. To Improve Economic Results, the Guiding Thought for Planning Must be Set Right, and Great Attention Should be Paid to the Five Relationships and the Six Comprehensive Economic Targets

All our economic activities are carried out in line with the principle of upholding the socialist system and the leading role of the planned economy. To truly boost our economy and blaze a new trail characterized by a fairly steady tempo and better economic results, yielding more substantial benefits

to the people, we must establish the guiding thought of improving economic results through our planning, and this matter must be carefully attended to by economic workers and particularly by leading cadres.

In improving economic results through planning, some units and departments which have been fairly successful in economic work in Shanghai are fairly careful in handling the following five relationships:

First, the relationship between use value and value. In planning, they do not one-sidedly strive for output value, profit, and other value indices. Instead of returning to the old pattern of "good news from industry, sad news from commerce, stockpiling of goods, and false revenue figures," they are making every effort to increase varieties, to improve quality and service, and to combine use value with value and speed with economic results.

Second, the relationship between production and circulation. The industrial departments have strengthened their market investigations, modestly listened to the opinions of the commercial departments, and organized their production in accordance with social needs. The commercial departments have also actively cleared the channels of circulation, promoted their sales, reduced their goods in stock, and accelerated the turnover of funds. There is now close coordination between industry and commerce and between industry and foreign trade, with each of them promoting the other.

Third, the relationship between intensiveness and extensiveness. In expanding reproduction, they are giving full play to the role of personnel and the technical strongpoints inside the enterprises, paying attention to the reorganization, transformation, and restructuring of existing industrial enterprises, and vigorously developing new technologies, new equipment, new materials, new techniques, and new products. The development of their production now relies on scientific and technological progress.

Fourth, the relationship between macroeconomic results and microeconomic results. In economic activities, we must not only pay attention to the economic results of an enterprise, a department, or an area, but we must also strengthen our overall viewpoint and form the idea of coordinating all activities of the nation like moves on a chessboard. In accordance with the state's overall planning, we should bear in mind the immediate as well as the long-range benefits and the partial as well as the overall interests; we should be concerned with the profits of the departments and areas in the context of the state's overall profits. We must also make every effort to subordinate microeconomic results to macroeconomic results.

Fifth, the relationship between economic and social benefits. In improving economic results, we should not confine our attention to economic accounting. We must also consider the problems of employment, environmental protection, and improvement of the people's livelihood. We must take an overall view of the situation, weigh all the pros and cons, and bring about harmonious economic and social development.

If the guiding thought of the improvement of economic results is to be translated into action in planning, we must first attach great importance to the main comprehensive economic index. There are many indices to reflect economic results, but we are more concerned over the rates of profit and interest in the use of funds, the rate of output value of fixed assets, the percentage of circulating funds being used, the output value per worker, the comprehensive rate of energy consumption, and the per capita national income. While implementing the "eight-character" policy, Shanghai for several years has taken the occasion of the readjustment of the economic structure to control the scale of investment in fixed assets and to strengthen the reorganization and transformation of enterprises and the restructuring of the economic management system. All six indices have been raised in varying degrees. In 1981, the profit and tax generated by every 100 yuan of capital among the industrial enterprises owned by the state in the municipality was 76.9 yuan; the total industrial output value derived from every 100 yuan of fixed assets (calculated according to their original value) was 271 yuan; the amount of fixed circulating funds being used to produce each 100 yuan of output value was 17 yuan; the turnover period of circulating funds was 59.07 days; the output value per worker was 28,983 yuan; energy consumption in terms of standard coal for every 100 million yuan in industrial output value was 23,200 tons; and the average national income per capita was 2,532 yuan.

Yet, although these indices have shown improvement every year, compared with the advanced levels in foreign countries and with the advanced indices in the fraternal provinces, municipalities, and areas, as well as the highest level previously attained in Shanghai, we are lagging behind to varying extent. For example, coke consumption in our converters for steel smelting is higher than in the Shoudu Iron and Steel Company in Beijing; our coal consumption in the production of chemical fertilizers is higher than in Tongxiang County, Zhejiang Province; and our cement consumption is higher than the national average. In Shanghai itself, the highest level of net income from output value in 10 industrial bureaus has been 33 percent; last year it was only 29.98 percent. The highest level ever attained in the sales profit rate was 26.19 percent; last year it was only 24.35 percent. In September of this year, more than 400 enterprises in the municipality overspent on their production costs. Because of the huge increase of personnel in the past 3 years, labor productivity began its downward trend in 1979. The ratio of output value to value of fixed assets, the use of circulating funds, and the period of turnover of funds all failed to reach the highest level previously attained. This shows that much more can be done to improve economic results.

## II. To Improve Economic Results, Production Must Be Organized in Accordance With Social Needs So That Goods Can Be Easily Sold and Turnover of Funds Can Be Accelerated

The leading comrades on the State Council have attached very great importance to the marketability of products, because [products] must be able to meet social needs before the consumption of labor for their production can be socially recognized. Since for many years there has been a shortage of

consumer goods in relation to demand, however, many problems in circulation work have been concealed by this contradiction. After the Third Plenary Session of the 11th Party Central Committee, the central authorities formulated a series of correct principles for economic readjustment and development. Since then, production of consumer goods has accelerated and urban and rural markets are flourishing for the first time in many years. Following the appearance of the "buyers' market," consumers are making increasingly higher demands for quality and variety of products, and the former practice of "sales being determined by production" is now found to be unsuitable. The sluggish sales of some consumer goods for daily use, in particular, have directly affected the fulfillment of plans for production and revenue. These new developments and new problems revealed in the contradiction between production and sales for some products involves a series of problems in production, circulation, and consumption. If we do not look at the problems from the standpoint of the entire process of social expanded reproduction, and if we do not exert our efforts to coordinate production with circulation, we will be producing blindly, with the result that products cannot easily be sold and economic results can hardly be improved. To extricate ourselves from this passive situation, we have carried out certain initial innovations in organizing industrial-commercial and industrial-foreign trade integration and in organizing production in accordance with social needs.

First, there is the organization of industry and commerce and of industry and foreign trade in the joint study of market changes. The industrial, commercial, foreign trade, financial, and banking departments in Shanghai have adopted various forms to strengthen their investigation and study of economic information. The municipal people's bank has joined some large cities in forming economic information contacts, while the first-level commercial stations and some municipal companies have conducted investigations into commercial conditions throughout the country. Industrial departments have also attached great importance to the feedback of information on the market. For example, the Municipal Instrument and Meter Bureau has formed economic information networks at bureau, company, and plant levels, and 156 plants have their own full-time or part-time economic information personnel so that they can keep track of market trends and direct the development of production accordingly. This bureau originally planned to produce 5 million radio sets this year. Because of restrictions on production, output was reduced to 4.42 million sets, thus cutting the output value by more than 20 million yuan. To solve the problem created by the shortage of production tasks, it carefully studied the changes in supply and demand in the market and took the initiative to reduce by 420,000 sets the output of transistor radios which were not selling well in the market. It then reorganized its plants and quickly upgraded and updated its products. Later, more than 200,000 radio sets of the famous Haiyan and Chunlei brands were produced. Thus, instead of a reduction, it is anticipated that the total industrial output value this year will be 20 percent more than last year, and profits will be increased by 10 percent. Now let us take the Textile Bureau as an example. Through market investigation and readjustment of plans, it has reduced the production of chemical fiber fabrics and concentrated its efforts on producing double-width bedsheets, woollen fabrics, and jacquard woollen blankets, all of which are needed for the domestic

market and for foreign trade, thus offsetting the effects of restricted production. The Light Industry Bureau also focused its work on 80 products which were in short supply, and it expects a large increase in output this year.

We repeatedly stressed that while carrying out industrial production according to plan, we should also strengthen the combination of industry and commerce and of industry and foreign trade and increase our adaptability to changes in the market. We should accordingly establish our long-range work system and consider the ability to forecast market changes and the adaptability to these changes as important yardsticks of the level of operation and management in production among the enterprises.

Second, there is close coordination between industry and commerce and between industry and foreign trade, and comparison and analysis of the quality of products on a large scale, in order to upgrade and update the products. Besides arranging for leading cadres to visit the fraternal provinces, municipalities, and areas for the purpose of learning from other people's experiences, we have organized various industry-commerce and industry-foreign trade combinations for the purpose of studying brandname products, beginning with an analysis of the objects themselves and then holding analysis and comparison meetings and launching fine-quality campaigns. In March, the industrial departments were the first to hold an exhibition of bicycles, household electrical appliances, and ball bearings for the purpose of detailed comparison. Later, there were exhibitions of more than 2,000 types of products by 46 different trades. At the same time, the commercial and foreign trade departments held similar exhibitions of more than 2,700 different products. On this basis, 520 typical products were selected to combine with domestic and foreign brandname products for a "Shanghai exhibition of quality and varieties of industrial products in order to compare, catch up, and surpass, through these activities, all discrepancies--from the outward quality to the innate properties of the products, from their use value to the production cost analysis, from the assortment of raw and semifinished materials to the technical equipment, and from packaging to sales service--were discovered one by one. Regulations for producing fine-quality goods were worked out so that there would be a distinct goal for these activities.

Third, there is economic integration within industry, between industry and commerce, and between industry and foreign trade through the breaking down of departmental carriers. In the past several years, 162 "general plants," "jointly operated plants," "joint venture plants," "integrated companies" and other integrated economic entities have been set up in Shanghai. They have positively opened up new fields for the improvement of economic results. Let us take the Gaochiao Petrochemical Industry Company of Shanghai as an example. Even though the processing of crude oil was not increased after the integration, this company was able to step up its intensive processing through the comprehensive utilization of resources, and thus increased its output value and profits. The Shanghai Oil Refinery Plant under this company originally had more than 7,000 tons of liquid hydrocarbon to be supplied directly to residents for fuel. After the integration, this liquid



was sent to the Gaochiao plant to be refined before being supplied for civilian use. By this means, the output value of this liquid hydrocarbon was increased from 140,000 yuan to 11 million yuan. In addition to integration within industry, integration between industry and commerce and between industry and foreign trade have also made new progress. One form of integration is called industry-commerce economic combination. For example, the Thread and Ribbon Industry Company under the Shanghai Textile Bureau was combined with the Knitwear Center under the First Commercial Bureau, and the former practice of "sending minor commodities through many intermediate links" was changed. In 3 years, more than 2,300 new designs and new varieties were produced, and formerly slow-selling goods became quick-selling goods. The output value of the entire trade was increased by 25 percent; its foreign exchange earnings increased by 33.5 percent; and profits increased by 17.2 percent. Another form of integration--a higher form--is the combining of industry, scientific research, design, and foreign trade departments. An example is the amalgamation of the Shanghai Shipbuilding Company with the Shanghai Branch of the China Ship Export Company, whereby joint production was organized and united action was taken in dealing with foreign countries. In the past 3 years, they have signed contracts with foreign merchants for the export of 62 ships totaling 580,000 tons. This amalgamated company not only has initially created a new situation in the export of ships, but it also has begun to promote the production of metal materials and auxiliary mechanical and electrical equipment. The steelplates produced in Shanghai for ships were originally of poor quality. Through its efforts to catch up with and surpass international standards, more than 20 difficult technical problems have been solved. Now it has already obtained an export certificate from Lloyd's Registration of Shipping in England and West Germany. Although it has been only a short time since the formation of this economic integration, and the system of management still needs to be improved in many respects, it has already played a remarkable role in promoting production and improving economic results.

### III. To Improve Economic Results, We Must Rely on the Progress of Science and Technology and Bring Into Full Play the Important Role of Science and Technology in Economic Development

Shanghai is an old industrial base. Many plants here have outdated equipment and are using backward technology in overcrowded workshops. The only way to continue to improve economic results in the future is to adopt new technology and transform old enterprises. We have already done some work on this problem. From 1979 to 1981, the municipality made a total of 1,685 scientific and technological achievements, and 70 percent of them have been adopted and popularized in varying degrees in production, while 41 of them were given national awards for inventions. In the past 3 years, we have had 11,600 technical innovations of a mass character. Since early this year, we have attended mainly to the following tasks in combining production with science and technology:

First, popularizing our scientific and technological achievements and solving difficult technical problems. In February of this year, the Municipal Scientific and Technological Commission and the Municipal Economic Commission held a meeting--attended by more than 400 units from 22 departments,



including industry and communications, capital construction, finance and trade, scientific research departments, and institutes of higher learning--to exchange scientific research achievements. The scientific research departments submitted more than 2,600 results of scientific research which can be used and popularized, and the industrial departments submitted more than 1,200 "difficult" tasks which had to be accomplished. In September of this year, the units made use of the premises of the "Shanghai exhibition of quality and varieties of industrial products in order to compare, catch up, and surpass, and held a meeting for horizontal exchange of technology among various trades and to carry out cooperation between the participants at the meeting and the other parties in tackling "difficult problems." Again 930 "difficult" tasks were presented at the meeting. At present, the industrial and scientific research departments are continuing to sign agreements with one another, and some of these agreements have already produced the desired effects. All industrial bureaus, companies, and plants and enterprises are also stepping up their work in scientific research. The Shanghai Lighting Appliance Company originally had 46 small factories. This year, its output value may reach 308 million yuan, and the profits to be handed over to the state may be as high as 66 million yuan. It had 16,000 workers and staff members, including only 53 designers. The serious shortage of scientific research and design personnel was the main handicap to the upgrading and updating of its products. To overcome this difficulty, they adopted different methods to train their own scientific and technical personnel and at the same time encouraged the masses of workers to offer proposals on designs so that both professional designers and common workers could pool their ideas in design work. Thus, in the past 3 years they have designed more than 14,000 new products. This company has the courage to innovate, and confidently accepts the work in the Baoshan Iron and Steel Complex, container ships for exports, the Shanghai Guest House, and other important lighting tasks that demand high standards. It has actively developed many types of lamps for civilian use, with primary attention to quality and "novelty." Its goods have never been overstocked, and in 3 years its output has increased by more than 50 percent.

Second, forming "a dragon" in the joint development of new products. To develop new products, the Shanghai Textile Industry Bureau and the Shanghai Petrochemical Industry's general plant have since April of this year organized 62 units into 44 "dragons" which have helped arouse enthusiasm in various fields and quickly produced the desired effects. By the end of August, they had trial-produced a total of 143 new products under six major categories--namely, imitation wool, imitation hemp, imitation silk, high-grade ramie knitwear, and long acrylic fiber floss for embroidery. All these new products were well received by the consumers. Based on this experience, we are now organizing similar "dragons" for the production of "special amino" lacquer, polyamide cord tires and brake tubes for bicycles, and various lighting appliances. Thus we have further developed new products and introduced new methods to improve economic results.

Third, carrying out technical transformation in a planned and selective way. From 1979 to 1981, the industrial enterprises in the municipality spent 2 billion yuan on technical transformation projects, each of which cost more

than 50,000 yuan. According to a rough estimate, approximately one half the total newly added industrial output value in the municipality was derived from various technical transformation measures. Through a combination of industrial reorganization, technical transformation, and technological importation, many trades and enterprises have brought about a new look in their production and have greatly improved their economic results. For example, the standard parts trade in Shanghai has undergone three reorganizations and transformations in the past 20 or more years. The number of plants in this trade has been reduced from 685 to 27; the number of workers and staff members has been reduced from 11,000 to 7,900; annual output has increased from 0.9 billion pieces to 10 billion pieces; labor productivity has raised from 2,500 yuan to 30,000 yuan; and the material utilization rate has increased from 40 to 85 percent. Production in this trade has undergone a great change, and the economic results have been greatly improved. Now, let us look at the Shanghai Lightbulb Plant as an example. This plant imported from Matsushita Electric Company of Japan a set of equipment for producing black-and-white picture tubes, and then carried out a technical transformation for the old factory. In only 1 year, the factory premises were expanded by more than 6,000 square meters, at an investment of 9.5 million yuan and another \$5.5 million in foreign exchange, and the productive capacity for black-and-white picture tubes was increased to 1.6 million pieces. The premises of this factory is almost doubled that of similar plants in Shanghai and the number of personnel is 40 percent greater; however, its output of picture tubes is 10 times more, and their quality is at the advanced international level. The entire investment was recovered in slightly more than 1 year. The development in the production of picture tubes has also helped increase the output of TV sets in Shanghai from 110,000 sets in 1976 to 1.4 million this year. The economic results are very remarkable for the Shanghai Lightbulb Plant as well as for the entire TV trade.

Although a certain success has been achieved in Shanghai's technical transformation with state support, there are still many problems, mainly because the plans for scientific, technological, economic, and social development are not well coordinated, and the plans themselves are not thorough enough. Furthermore, the transformation projects are fairly dispersed, with the result that the key projects do not receive due attention. The transformation of key enterprises does not fit in with the supportive enterprises at the same level, while the measures for the utilization of foreign funds and importation of new technology cannot keep pace with the transformation.

#### IV. To Improve Economic Results, a Further Reorganization of Enterprises, Training of Personnel, and Strengthening of the Basic Work of Business Management Are Necessary

In the reorganization of enterprises, great attention should be paid to the leading bodies, for which politically and vocationally "knowledgeable persons" should be found and promoted, and later relied on to "run the house" and take care of financial matters. As we can see from the enterprises in Shanghai, all those which are efficiently operated and managed and which are producing good economic results generally have professionally competent plant directors or vice directors, and equally competent chief accountants or financial section chiefs. In the past several years, we have attended mainly to the following tasks:

First, training of business administrators. Speeding up personnel training in order to strengthen the finance and accounting force is an important factor in raising the level of management. Since early this year, we have begun to conduct vocational training for the leading cadres at various levels by holding rotational training classes for managers and factory directors. More than 13,000 persons in the industrial and communications sector have undergone this rotational training. We have also entrusted 17 universities with the work of training nearly 1,000 young cadres for basic-level enterprises. The municipal personnel departments, statistics bureau, and enterprise management association have also organized TV classes on "Political Economy," "Basic Knowledge of Statistics" and "Outline of Enterprise Management," and nearly 200,000 persons have enrolled in these classes. More than 80 percent of them have acquired a firm grasp of these subjects. The 105 associations under the Municipal Science and Technology Association have held more than 1,800 science and technology study classes, with nearly 20,000 persons participating. In addition, many plants and enterprises have conducted cultural and technical classes for those who had missed such schooling opportunities. It is anticipated that by the end of this year, nearly 500,000 youths will have completed these classes.

Second, "three comparisons" activities among the cadres and people to acquaint them with their own shortcomings in business management. The "three comparisons" refers to comparison of their own units' main technical and economic indices at present with the best indices in the past, with advanced levels in the same trade in the country, and with advanced levels of similar enterprises and similar products in foreign countries. Through the "three comparisons," the small-fertilizer trade has discovered its own weak links and accordingly carried out technical transformation, technology management, and economic accounting with outstanding results. From 1979 to 1981, its average annual output of synthetic ammonia increased by 7.2 percent, and in these 3 years it saved 360,000 tons of standard coal and 170 million kwh of electricity. In the first 8 months of this year, its output of synthetic ammonia increased by 11.3 percent, its profits increased by 43.1 percent, and its energy consumption dropped by 10.5 percent compared to the same period of last year. The majority of its technical and economic indices have caught up with the advanced levels of the same trade in the country.

Third, attention to basic work, including cost planning, beginning with the working out and management of quotas. We conducted a cost-benefit analysis and gradually divided up the targets to be shared by individuals. A system of responsibility was also set up in combination with a system of rewards and punishment. Consumption of raw and semifinished materials and energy accounted for 86 percent of total industrial production costs in Shanghai; administrative expenses for 10 percent; and wages for 4 percent. If the consumption of raw and semifinished materials and energy can be reduced by 1 percent, we will be able to increase our profits by 260 million yuan a year. Therefore, if we want to improve our economic results, we must lower our production costs, particularly the consumption of raw and semifinished materials and energy. Many plants have begun to carry out meticulous accounting to find the discrepancies and close the loopholes, and

have achieved some success. In the past 5 years, the Shanghai No 1 Iron and Steel Works has "carried out meticulous accounting every year and made some improvement every year." In 1977, it made an accounting of the damage caused by the "gang of four" and mobilized the workers to recover the losses. Its profit increased by 81 percent. In 1978, it took a careful accounting of its movable properties and decided to regain its former prosperity. Its profits increased to 100 million yuan that year, the highest record so far. The same performance was repeated in 1979, and its net profit increased by 28 million yuan. In 1980, again paying great attention to accounting, it made efforts to catch up with the advanced units and set a new record. The 34 economic and technical indices of the plant hit an alltime high, and its profits again increased by 16 million yuan. This year, the same accounting policy was followed with regard to the key projects and economic results. The financial norms were broken down into more than 7,400 small norms to be carried out by more than 1,400 work groups in the plant, with a view to bringing its profits up to 170 million yuan through a further addition of 15 million yuan.

Fourth, reorganization of enterprises and a sound system of economic responsibility. In line with the arrangements of the Party Central Committee and the State Council, since early this year we have carried out a comprehensive reorganization of 343 selected enterprises. We have also streamlined and strengthened enterprise management by learning from Daqing and the Shoudu Iron and Steel Company. According to a survey of more than 1,800 plants and enterprises under 11 principal industry bureaus, 390--or 21.2 percent--were actually practising comprehensive economic accounting; 466--or 25.3 percent--were practising bilevel accounting; and 983--or 53.5 percent were practising accounting at the plant level. The streamline and strengthening of enterprise management have ended their chaotic financial control and improved their economic results. At the same time, the principal industry bureaus in the municipality have used each trade as a unit in the system of retention of total profits or the system of responsibility for the base figure and sharing of above-quota revenues. This has further improved the system of economic responsibility inside each enterprise and given the enterprises and their workers and staff members the innate driving force to tap the resources. The Metallurgy Bureau adopted the system of "responsibility for the base profits and sharing above-quota revenues" in 1979, and in the next 2 years its output of steel materials increased by more than 12 percent, while its energy consumption increased by only 1 percent. Thus, in 3 years it made a profit of 3.92 billion yuan and handed over to the state 3.54 billion yuan, more than 90 percent of the profit. This year, the leaders of this bureau visited the Shoudu Iron and Steel Company to learn from its experiences, and decided to take 10 technical measures to lower the consumption of energy, raw and semifinished materials, and subsidiary materials, to raise the percentage of finished steel products, to reduce the enterprises' operating expenditures; and to produce good economic results in the same year. They further tapped the potential for increasing revenues, and even though the output of steel and steel products was basically the same as last year's, it is anticipated that the output value can be increased by 2.9 percent along with an increase of approximately 7 percent in profits.

Fifth, the roles of special financial controllers and bank credit personnel in the supervision of finance and financial matters. If the finance departments have to undertake the responsibility of supervision, they must have a special control force to be especially responsible for this work. The finance departments have set up credit and accounting schools and held accounting training classes and training classes for chief accountants as a means of helping the finance and accounting personnel of the enterprises to raise their professional level. Last year, there were 18,000 professional finance and accounting workers in the municipality, an increase of 3,000, and the ratio of financial workers to the total number of workers and staff members was raised from 0.95 percent to 1.08 percent. This contingent is spreading out all over the municipality and, in accordance with the three-level division of work, it is coordinating its efforts with those of the enterprises in increasing production and practising economy and in increasing income and reducing expenditures. "Three-level division of work" means the division of work within the municipal finance departments according to the size of the profits of an enterprise. For example, the municipal finance bureau takes care of selected backbone enterprises that make a profit of more than 20 million yuan; the branch finance bureaus are to handle those enterprises that make a profit of more than 10 million yuan; and the district finance bureaus are to take care of those enterprises that make more than 1 million yuan in profit. The control of key enterprises at different levels has ensured the proper handling of state revenues and expenditures and has helped the enterprises to manage and to generate more revenues.

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CSO: 4006/101

## ECONOMIC MANAGEMENT

### INCREASED REVENUES IN LARGE ENTERPRISES STRESSED

Beijing ZHONGGUO CAIMAO BAO [CHINA FINANCE AND TRADE] in Chinese 16 Nov 82 p 1

[Article by Duan Fengyu [3008 7685 7183] and Liu Shaoku [0491 1421 1655]:  
"Increased Paid-in Profits in Heilongjiang"]

[Text] Heilongjiang adopted emergency measures to focus on the task of increasing production and revenues in large industrial and commercial enterprises. They obtained remarkable results.

In early September, the provincial government convened a symposium on increasing production and economizing. They analyzed every large enterprise in the industrial and commercial network throughout the province and all large enterprises under provincial control to tap their potential and implement financial tasks. After undergoing the initial stages of implementation, the annual financial revenue tasks of 80 industrial enterprises under provincial control increased by 25 percent over plans at the beginning of the year. In early October, the provincial government conducted an examination of the conditions of increased production and revenues in large enterprises. They resolved practical difficulties in production in certain enterprises. In the Provincial Bureau of Metallurgy, three bureau chiefs focused on three large enterprises: the Qiqihar Steel Mill, the Dongbei Light Alloy Processing Mill and the Xilin Iron and Steel Mill. The Provincial Bureau of Machinery instructed special personnel to concentrate directly on the tasks of increasing production and economizing in large enterprises under their control and on paying in enterprise profits. The total amount of paid-in profits by the end of September in the network under the entire bureau was 2.27 times that of last year during the same period. The four large enterprises of Hualin Rubber Plant, Jiamusi Paper Mill, Qiqihar Steel Mill and Dongbei Light Alloy Processing Mill all continued to tap their transformation potential to produce new products. The amount paid-in is already 30 percent greater than planned at the beginning of the year. By the end of September actual reserves fulfilled 88 percent of annual plans that is an increase of 24 percent over the same period last year. By the end of September 158 enterprises under provincial control had already fulfilled 69.6 percent of annual financial tasks that was an increase of 85.7 percent over the same period last year.

Fifty large enterprises in the industrial system of Shenyang Municipality in Liaoning have increased production and revenues. Their economic results have been outstanding. Between January and September the paid-in profits of these enterprises increased by 13.7 percent over last year during the same period. By the end of September, out of 50 large enterprises, 22 had fulfilled the annual plans for paid-in profits ahead of schedule.

The output value of these 50 large enterprises constituted 60 percent of the total output value of industries in Shenyang and paid-in profits constituted 80 percent. For this reason, the municipal CPC committee and the provincial government decided to include these 50 large enterprises as key points in the two earlier groups of key points in enterprise reorganization. Organs under municipal control organized over 120 personnel to go to those large enterprises to provide on-the-spot assistance. Li Tao [2621 3447], first secretary of the municipal CPC committee, Mayor Wang Danbo [3769 0030 3134], and other leading comrades personally went to the sites or established direct ties. The Municipal Economic Commission periodically analyzed the economic activities of these enterprises. They published the figures on the fulfillment of economic targets on a monthly basis in industry and communications bulletins and on a quarterly basis in the SHENYANG RIBAO. For several months these large enterprises have taken advanced enterprises in the same line of business throughout the country as their models with the aim of improving economic benefits. They have revised plans, implemented measures and mobilized staff and workers to launch activities to oppose waste. Economic benefits have continued to improve. In contrast with the end of April, the number of enterprises that have increased revenues has grown from 26 to 35. Two enterprises that in the past incurred losses have turned their losses into profits.

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CSO: 4006/125



## ECONOMIC MANAGEMENT

### CREATIVE DEVELOPMENTS IN ECONOMIC MANAGEMENT DISCUSSED

Guangzhou YANGCHENG WANBAO in Chinese 3 Nov 82 p 2

[Article by Zhuo Jiong [0587 3518]: "Creative Economic Management"]

[Text] In the past period certain problems appeared in our understanding and handling of the planned economy, market readjustment, commodity production and commodity exchange. Even though some units paid attention to giving full play to the function of market readjustment, they neglected unifying state leadership. Certain comrades overexaggerated the shortcomings of a planned economy. They did not know that past shortcomings were not due to plans but rather to plans that were not in line with commodity production and to blind production as well as ignoring circulation. In practical life there also appeared certain tendencies of seeking to weaken and depart from the planned economy. As for agriculture, certain areas have not implemented the policy of state prices. They have randomly expanded the limits of above-quota purchasing, price hikes and negotiated prices. Certain production brigades are not willing to engage in independent farming according to state needs with the result that there have been reductions in the acreage under grain farming that should not have occurred. There was also an unwanted expansion in the acreage under industrial crops. This caused state financial expenses to increase and market prices went up. In industry, some enterprises were bent upon pursuing profits and blindly expanded their production capacity. They were unwilling to implement the production tasks assigned by the state. They arbitrarily extended the scope of independent marketing and negotiated prices. This affected the arrangements for key state products and key projects. It also leads to unnecessary losses and waste. In the sphere of circulation, certain units competed blindly, blocked each other off and undermined the nation's centralized market. They attacked the planned supply of goods and materials and the circulation of commodities. Furthermore, they caused great losses for the state in foreign economic activities, etc.

In view of past problems and in order to centralize and diversify economic development, Comrade Hu Yaobang proposed three different concrete modes of economic management in his report to the 12 Party Congress. This is a creative development in the system of economic management. It corresponds to the demand that production relations suit the nature of productive forces.



First, it is necessary to carry out ordered plans in the staterun economy regarding the production and distribution of production materials and consumer goods that concern the national economy and the people's livelihood, particularly regarding core enterprises that affect the overall economy. That is, there must be planned production and circulation. This is a major expression of China's socialist ownership by all the people in the organization and management of production. It is the principal part of our national economy. Certain comrades fail to see this point. They believe that ordered plans are definitely unbalanced. The key to whether or not ordered plans are rational depends on whether or not we can carry out planned production and circulation. If we can carry out ordered plans for planned production and circulation it would be to our advantage rather than to our disadvantage. The same holds true for the collective ownership economy. Ordered plans must be issued for all major products that concern the national economy and the people's livelihood such as the purchase and distribution of grain and other major agricultural by-products. Of course, this kind of ordered plan must be established on the basis of comparatively reasonable prices otherwise units in the collective ownership economy will be unable or unwilling to bear the burden.

Second, due to the fact that China still has a diversified economy and that it is difficult to make accurate calculations on the various complex demands of society and the productive capacities of large enterprises, it is necessary to implement ordered plans and to carry out guiding plans that use economic levers on numerous products and enterprises so as to ensure that they are enforced.

Regardless of whether they implement ordered or guiding plans, they must all strive to conform to objective reality and frequently study changes in supply and demand on the market. This is an extremely important point. Regardless of whether they are ordered plans or guiding plans, they cannot depart from the changing conditions of supply and demand of the market. In order to reach this goal, it is necessary to consciously apply the law of value and various value levers related to the law of value. For example, prices, tax revenues, credits and other demands that lead enterprises to implement national plans all provide enterprises with varying degrees of flexibility so that when plans are being executed they are promptly readjusted and improved as needed.

Third, various small commodities have low output value and large assortments. The production time and area of supply are generally very rigid. It is unnecessary and impossible for the state to control them. Arrangements for this type of small commodity can be made with flexibility by enterprises themselves according to changes in supply and demand on the market. This would allow the law of value to spontaneously play a regulatory role. However, the state should strengthen management by means of policies, decrees and administrative work in industry and commerce. Furthermore, the state should also assist them in solving problems in the supply of certain primary raw materials.

Although there are no planned arrangements for the production and circulation of this kind of small commodity, this is a free market permitted by the planned economy rather than a capitalist free market. As Comrade Chen Yun pointed out: "Planned production is at the heart of industrial and agricultural production. A free market based on changes in the market that is within the scope permitted by state planning is supplementary to planned production. Consequently, our nation's market can certainly not be considered a capitalist free market but rather a socialist centralized market. The state market is a principal part of the socialist centralized market. However, it depends on having a free market with state leadership within a defined scope. This free market is under state leadership and functions as a supplement to the state market. Thus, it is an integral part of the socialist centralized market."

Lenin said: "The market is a category of a commercial economy." As the market exists, so does the commercial economy. At present, there are some comrades who still rigidly stick to classical formulations. They believe that socialism can only bring about a planned economy is a type of planned economy that keeps the commercial economy in line with planning. Some comrades are also afraid to speak of a market economy. In fact, our market economy is a planned socialist market economy not a capitalist free market economy. Only by making such distinctions it is possible to conform to historical reality.

An article by a correspondent in RENMIN RIBAO put it well: "We should clearly understand that within the upcoming long historical period it is necessary to make every effort to develop commodity production and commodity exchange. Thus, the fundamental rule of commodity production--the law of value must play a role under varying conditions regardless of whether in the state operated sector of the economy with ownership by all the people, in the cooperative sector of the economy." This is because the state operated sector of the economy, the cooperative sector and the individual sector all belong to the category of commercial economy. Thus, the law of value is able to function. Comrades who do not accept a commercial economy should derive nourishment from this.

The commercial economy in our country is not very large and it is not well-developed, particularly in agriculture. Both labor productivity and market-ability are very low which in turn limits the realization of the four modernizations. Therefore, there is still a long road ahead in advancing from a subsistence economy to a commercial economy in agriculture.

9864

CSO: 4006/125

## FINANCE AND BANKING

### 'RENMIN RIBAO' REVIEWS FINANCE, CREDIT BOOK

HK200303 Beijing RENMIN RIBAO in Chinese 15 Dec 82 p 5

["Book review" by Li Dingzhong [2621 1353 0022]: "Study Financial and Credit Problems in the Context of the Entire National Economy--Reviewing 'Overall Balance Between Finance, Credits and National Economy'"]

[Text] The People's Publishing House has published a book written by Comrade Li Chengrui entitled "Overall Balance Between Finance, Credits and National Economy." This book enshrines 13 articles; 8 of these were written in the early 1960's and mainly discuss the problem of finance and credits as well as overall balance of the national economy. The other five articles, written in recent years, deal mainly with the problem of overall balance of the national economy and the issues of finance and credits as well. Due to the fact that the author has a wealth of experience in economic work and has a good grasp of constructive theory, he has a number of original ideas on these important issues, which are of practical significance. He has made long-term efforts to integrate theories with practice in the process of exploring these problems. Today, when the whole country is exerting great efforts to accomplish the magnificent tasks raised by the 12th CPC Congress, this book merits the attention of leading comrades in charge of economic work and people working in the circles of economic theories.

The author has great breadth of vision. While exploring the issue of overall balance between finance and credits, he attaches importance to studying the internal relations of things and making an in-depth analysis of the entire national economy. Besides, the author pays attention not only to qualitative study, but also to the analysis of a number of important quantitative relationships. On such a basis, he raises a series of pertinent proposals or puts forward sincere advice concerning important problems which have occurred in practical work. To sum up, all these are the characteristics and strong points of this book.

To do well in achieving an overall balance in the national economy and affecting the highly effective and smooth progress of the expanded reproduction of society, we should do our best to maintain the balance of finance and credits respectively and the overall balance between them. In the meantime, we should maintain an overall balance between finance, credits and relevant goods and materials. Proceeding from this fundamental viewpoint, the author analyzes not only the balance between finance and credits, but also the way to maintain balance between

finance, credits and those portions of goods and materials distributed in a unified way through the state's budget and credits in the context of total output, composition, regions and time. Thus, a number of important theories and conclusions of practical significance have been drawn therefrom.

With regard to the issue of overall balancing between budgetary funds and credit funds, the author sums up our positive and negative experiences in this respect accumulated over the past few years. He stressed not only the importance of budgetary funds and credit funds, but also the need for their mutual support and unified arrangements. In the meantime, he analyzes the key problem concerning their overall balance, that is, the relations between investments in capital construction and additional circulation funds needed for the expansion of production and circulation. To truly ensure the overall balance between budgetary funds and credit funds, we should correctly solve this key problem. The author points out that we should follow the practice of arranging circulation funds first before making any arrangement for capital construction. Otherwise, the abnormal phenomenon that "capital construction projects urge financial departments for money, financial departments push banks and banks are compelled to issue more bank notes" will inevitably occur. This will bring about a series of harmful consequences. In order to provide additional circulation funds, the author maintains that it is necessary to make a distinction between short-term revolving circulation funds and long-term fixed circulation funds. Revolving circulation funds are supplied by pure bank credits in general whereas fixed circulation funds are supplied by financial sources. Therefore, with regard to the matter of budgetary income and expenses, only on condition that those long-term fixed circulation funds allotted by budgetary expenses have been verified and taken into account can true balance between income and expenses be achieved. Otherwise, the balance is only superficial and deficits might actually exist. Financial revenue mainly comes from [word indistinct] which is surplus products of the society. If additional long-term fixed circulation funds are mainly supplied by C and V which are bank credit funds, rather than by financial sources, the balance of bank credit funds is bound to be adversely affected. This runs counter to the principle of acting according to one's ability. Therefore, the author stresses that the true balance between income and expenses is closely connected with and cannot be separated from the balance between receipts and payment of credits. Whether balance between receipts and payment of credits can be achieved will eventually determine overall balance between budget and credits. The final difference between the receipts and payment of credits is identical with the difference between income and expenses of cash. Therefore, if the currency we issue exceeds objective demand, this means that deficits exist in budgetary credits. The author draws a logical conclusion: the true balance of budgetary credits is determined mainly by normal circulation of currency. The author repeatedly stresses that finance and the bank are two brothers who are found by a common cause and go through thick and thin together. Since they are two channels of socialist countries for distribution funds in a unified way, they should share out the work and cooperate with and support each other. He also emphasizes that we should be good at analyzing the essence of problems through appearance. For instance, during the three-year period of the "Great Leap Forward," there was financial surplus. It seemed that "financial departments are rich whereas banks are poor"; actually this was a false appearance.

In recent years, it seemed that "financial departments are poor whereas banks are rich"; actually this was also a false appearance. Such a false appearance was caused by the imbalance between budgetary funds and credit funds.

After discussing the issue of overall balance between budgetary funds and credit funds, the author further studies the problem of overall balance between budgetary and credit funds and goods and materials distributed by the state through budgetary and credit funds. He analyzes why such a problem exists. He goes on to study the issue of the balance of terms of total output value between budgetary and credit funds and the above-mentioned goods and materials. The author points out: theoretically speaking, as long as overall balance between budgetary and credit balance can be truly achieved, the balance between budgetary and credit funds and the above-mentioned goods and materials can be maintained. However, in actual practice, due to the fact that not all items in budgetary income and expenses and credit receipts and payment can be fully and completely realized and that each and every yuan can truly represent the relevant goods and materials, after the implementation of the plan, certain imbalance between, budgetary and credit funds and materials might occur. To avoid such imbalance, the author puts forward some proposals for practical work. On the basis of analyzing the balance between budgetary and credit funds and the above-mentioned goods and materials in terms of total output, the author further explores a complicated problem concerning the way to maintain their balance in terms of composition. After analyzing the process of reproduction of the society in a scientific way, he corrects the muddled view that goods and materials which are represented by budgetary and credit incomes can be controlled by them as well. He points out that these are two different matters. After making an analysis, the author stresses: To achieve the above-mentioned balance in terms of compositions, the state controls capital goods and consumer goods through budget and credits. Actually, what the state can control are the remaining sum of goods and materials left after deducting capital and consumer goods consumed by enterprises from the entire goods and materials. The need for capital and consumer goods as a result of various budgetary and credit expenses, if the factors of foreign trade are excluded, should correspond with the above-mentioned remaining sums of goods and materials in terms of quantity and variety. The author points out: To meet this requirement, in practical work we should continue to seek a better way to distribute goods, materials and funds to effectively ensure the balance between expenses on purchasing capital goods and building materials, machinery and facilities. We should also maintain the balance between new purchasing power and the newly supplied commodities (mainly consumer goods). Linkup and balance between years also merit our attention. Accordingly, the author stresses that planning departments should restore their work of formulating overall plans for finance and credits to ensure overall balance between finance, credits, goods and materials.

In the articles concerned, the author also makes useful explorations of certain relevant important problems which are interrelated with overall balance between budgets, credits, goods and materials and the balance of the entire national economy. For instance, the question of preparations for issuing currency under the socialist system merits our attention. As we all know, preparations for issuing currency under the socialist system are mainly preparations of commodities. To ensure stable currency circulation and avoid excessive currency issue due to

imbalance between budgets and credits, it is necessary to study the relations between the quality of commodity prepared and the amount of currency issued and the objective laws governing them. The author points out that commodity preparations involve two inalienable parts: 1) goods supply on the market or goods to be sold; 2) goods kept in stock. We should respectively study the proportional relations between monetary issue and these two inseparable parts in terms of total quantity. He also stresses: To ensure that these two inseparable parts will truly play the role of commodity preparations in monetary issue, we must see to it that total prices and use value conform with the objective requirements of currency issue. For instance, substandard products, waste products and unmarketable products conflict with such objective requirements. More importantly, the author holds that since goods in stock have to be constantly kept in warehouses, unlike goods sold on the market, the deficiency of value of goods in stock cannot be continuously made up by sale. Therefore, it is necessary to retain the relevant amount of funds in order to keep necessary quantity of goods to ensure that there is always an appropriate amount of goods to be sold on the market. The author exerts his main efforts to study the sources of funds and analyze proportional relations between financial sources (mainly originated from M) and credit sources (mainly originated from C and V). With regard to financial sources of funds, he analyzes proportional relations between bank funds and funds possessed by commercial departments. With respect to bank funds, he also makes an analysis of proportional relations between bank profits and the allocation of funds through budgets. His orderly, step-by-step analysis, is interesting. Apart from its theoretical significance, the analysis is of application value in practical work.

The author maintains that the essence of socialist finance is the economic relations reflected in the movement of funds in socialist countries. Such economic relations include three portions: state budgets, credits provided by state-owned banks and finance of various departments of the state-owned economy and state enterprises. These three portions supplement each other, but certain contradictions exist among them. These contradictions are reflected in the M, C and V parts of the state funds, that is, the contradictions between the distributive part and circulating part of the funds on the one hand and between the short-term and long-term applicable funds on the other. If there is anything wrong with any one of these portions, the other two will be adversely affected. The state budgets (originated mainly from M) will mainly bear responsibility for the final consequences. Therefore, only by correctly handling these contradictions, can we effectively regulate currency circulation, organize movement of funds and give play to the beneficial role of the existing funds so that the entire national economy will continue to grow steadily. Leaders at all levels in charge of financial work should take these three portions fully into account to comprehensively observe the movement of funds in socialist countries from a higher standard. Only thus can they do financial work well. The author shows sound judgment in this respect. Whether or not it is appropriate to regard these three portions as an organic whole and call them "socialist finance" is open to question. If people in academic circles hold different views, they may continue to study the issue.

This book is neither empty talk based on bookishness and dogmatism nor general remarks by an experienced person. Proceeding from reality, the author makes a conscientious exploration to discuss practical experiences accumulated in socialist construction from a higher theoretical plane. This book is a collection of articles. The collection lacks scientific systematicness, and some of the viewpoints are open to question. Apart from that, because the articles were written in different periods, they inevitably bear the marks of the times and some viewpoints are obsolete. Nevertheless, when we read the book today, we still gain a great deal of beneficial enlightenment from it. Its publication is in keeping with the times.

CSO: 4006/170

## FINANCE AND BANKING

### NINGXIA MEETING ARRANGES FISCAL TASKS

HK180339 Yinchuan Ningxia Regional Service in Mandarin 2300 GMT 17 Dec 82

[Text] A regional financial work conference concluded in Yinchuan on 16 December after 7 days of study and discussion. Over 100 persons from prefectures, municipalities and counties and persons responsible for financial and revenue work in the regional organs listened to a work report delivered by a responsible person of the regional finance departments and a speech by regional people's government Vice Chairman Li Li. The main aim of the meeting was to study and implement, in connection with Ningxia realities, the spirit of the 12th Party Congress and speeches of leading central comrades on financial work, to specifically study how the region should implement the measures of the Central Committee and State Council on collecting capital for key state energy and transport projects and on balancing the budget in the last 3 years of the 6th 5-Year Plan, and to arrange the region's expenditure and revenue plans for next year.

The meeting pointed out: The region has done well in implementing its expenditure and revenue plans this year, in the wake of the growth of industrial and agricultural production and increased sales. The region has fulfilled the year's industry and commerce tax quota. Profit turned over to the state by state-owned industrial, agricultural, commercial and other enterprises has increased compared with last year. This has made a new contribution to balancing the region's budget.

The meeting demanded that next year's financial work be centered on improving economic results. It is necessary to stimulate the development of production, tap potentials and new sources of revenue, uphold fiscal principles in expenditure, bring into full play the results of capital spending, ensure that the region's revenue can continue to rise from its decline, and create a new situation in the region's financial work.

CSO: 4006/170



## FINANCE AND BANKING

### HEBEI LEADER DISCUSSES WAYS OF IMPROVING FISCAL WORK

HK110247 Shijiazhuang Hebei Provincial Service in Mandarin 0400 GMT 28 Nov 82

[Summary] Hebei Vice Governor Hong Yi said at a provincial financial work conference which concluded on 26 November: "The province must make a new breakthrough in revenue next year in order to create a new situation in the province's financial work. The continuous decline in revenue of the past few years must be reversed. It is necessary to grasp three measures: 1) improve enterprise economic returns; 2) intensify tax collection work; 3) strengthen financial supervision."

Hong Yi said: Next year the province must shift the focus of financial work to improving economic returns. The departments concerned must coordinate their efforts in grasping this work. The enterprises must be helped to carry out technical improvements and increase output of good products that sell well. They must also be helped to improve accountancy. The methods of profit retention in enterprises must be straightened out.

On tax collection work, Hong Yi said: "Tax collection is the main pillar of the province's revenue, accounting for about 70 percent of total revenue. It is imperative to strengthen tax collection work. Although the province has scored great success in tax collection work this year, there are also many problems. Tax evasion is serious in some places. This situation must be changed by further intensifying tax collection work. The provincial government demands that revenue from industrial and commercial tax next year show a rise of over 200 million yuan over the actual figure for this year, and efforts should be made to achieve a still higher increase."

Hong Yi demanded that tax personnel and accounts throughout the province stick to principles and boldly struggle against all violations of financial and economic discipline. The government at all levels must support the financial departments and accountants in exercising their financial supervisory powers.

CSO: 4006/171

## FINANCE AND BANKING

### BRIEFS

SHANXI REVENUE--By the end of October, Shanxi Province had fulfilled 95.68 percent of its annual projected revenue target, showing an increase of 21.34 percent over the same period of 1981. [Taiyuan SHANXI RIBAO in Chinese 14 Nov 82 p 1 SK]

INCREASED ECONOMIC REVENUES--Owing to the prosperous national economy, as reflected in the sustained growth in industrial and agricultural production and busy market with brisk sales and purchasing since the beginning of this year, an excellent situation has prevailed in the country's tax revenue departments. By the end of November, the country had fulfilled 95.4 percent of the annual industrial and commercial revenue plan, topping the same period last year by 10.5 percent and providing a good foundation for overfulfilling the annual plan. Eleven provinces and autonomous regions, Yunnan, Sichuan, Guizhou, Anhui, Shandong, Shanxi, Hebei, Hunan, Qinghai, Ningxia and Xizang, have already overfulfilled the annual revenue plan. The country has also fulfilled the annual salt revenue plan 40 days ahead of schedule. [Text] [OW160829 Beijing Domestic Service in Mandarin 1200 GMT 9 Dec 82]

OFFSHORE OIL EXPLORATION--Beijing, 15 Dec (XINHUA)--Approved by the State Council, the Ministry of Finance has set up the offshore petroleum tax bureau to meet the new situation in the exploration and development of offshore petroleum in our country. Four branch bureaus will be set up in Shanghai, Tianjin, Guangzhou and Zhanjiang respectively. The offshore petroleum tax bureau will be a state organization for collecting taxes from offshore petroleum. It will manage and levy various kinds of taxes from the operation of offshore petroleum development in a unified way. [Text] [OW161319 Beijing XINHUA Domestic Service in Chinese 0423 GMT 15 Dec 82]

YUNNAN REVENUE QUOTAS--This year, the situation of financial revenue throughout the province is encouraging. Following overfulfillment of the whole year's plan for financial revenue by 80 days, by the end of November the whole province had also accomplished ahead of schedule the tax collection plan worked out by the provincial CPC committee and the people's government. An increase of 22.9 percent over same period last year in financial revenue has been reported. The present excellent situation is attributed to the development of production and the enhancement of economic results as well as the increase of enterprises' profits. The number of enterprises which suffer financial losses is decreasing and the amount of loss incurred in enterprises has dropped by more than 5 million yuan throughout the province. In addition, production costs have decreased by 0.6 percent. [HK131510 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 8 Dec 82]

## MINERAL RESOURCES

### NATION'S PHOSPHORUS RESERVES RANK FOURTH IN WORLD

OW091226 Beijing XINHUA in English 1135 GMT 9 Dec 82

[Text] Beijing, 9 Dec (XINHUA)--China's phosphorus ore reserves have been verified to be 11,800 million tons, ranking fourth in the world after the United States, the Soviet Union and Morocco.

Lin Yincai, vice-minister of chemical industry, made the announcement at the national conference on developing chemical mines that is scheduled to close next Tuesday. The country's pyrites reserves have been verified to total 3,300 million tons, he said.

China plans to speed up development of phosphorus mines and pyrites and prospecting of potash resources to supply Chinese peasants with more fertilizer containing nitrogen, phosphate and potassium elements, Lin Yincai said.

Lin Yincai said the party Central Committee and the State Council consider the development of phosphorus mines and expanding phosphate fertilizer production as a priority measure to promote agricultural production. Quoting Premier Zhao Ziyang, he said: "It is of strategic importance for agriculture to develop phosphate fertilizer production."

Since China has stepped up nitrogen fertilizer production in the past few years, phosphate and potassium fertilizer production fell behind causing an imbalance in the three elements of fertilizer. Of 100 million hectares of farmland in the country, fairly large areas are lacking in phosphorus and potassium, he said.

In order to change this situation, he said, the state is constructing five large phosphorus mines in the next three years: Wangji Phosphorus Mine in Hubei Province, Kaiyang Phosphorus Mine in Guizhou Province, Kunyang Phosphorus Mine in Yunnan Province, Yunfu Pyrites Mine in Guangdong Province and Tanyaokou Pyrites Mine in Inner Mongolia.

In 1986, a large potash fertilizer plant will be put into production in Qinghai Province.

In the past 32 years, China has built 181 chemical mines with a labor force of 118,000 people. The phosphorus concentrate output increased from 10,000 tons in 1950 to 10.86 million tons last year; pyrites concentrate output went up from 98,000 tons in 1950 to 5.88 million tons last year, he said.

## MINERAL RESOURCES

### NEW MINERAL DEPOSITS FOUND IN SICHUAN PROVINCE

OW161411 Beijing XINHUA in English 1101 GMT 16 Dec 82

[Text] Chengdu, 16 Dec (XINHUA)--Sichuan Province has verified 23 mineral deposits which are of industrial value, according to the province's geological bureau.

These include one coal mine, eight gold mines, three placer gold mines, seven tin and other nonferrous metals mines, one manganese mine and three mines of nonmetallic elements.

Eleven other spots are considered worth further exploration.

Sichuan, with an area of 570,000 square kilometers, has underground resources of as many as 70 metal ores.

A general survey of the existing mineral deposits over the past year also showed that many of them have larger reserves than originally thought.

In Mabian County, nearly 100 million tons of rich phosphorous ore have been discovered and it is estimated a copper mine in Huili County has a reserve of 500,000 tons. The silver-lead-zinc mine in Baiyu County has verified reserves of up to three million tons. Progress has also been made in prospecting uranium reserves in the western part of the province.

The iron ore mine in Mianning County contains as much as 20,000 tons of recoverable tin.

The Sichuan Provincial Geological Bureau said that the province will concentrate on general prospecting of mineral sources of energy in the southern and southwestern parts of the province. A preliminary survey indicates that the reserves of a coal mine at Guxu in southern Sichuan are expected to be around 300 million tons.

CSO: 4020/32

## MINERAL RESOURCES

### HEILONGJIANG UPGRADES COAL MINES

OW190505 Beijing XINHUA in English 0243 GMT 19 Dec 82

[Text] Harbin, 19 Dec (XINHUA)--Heilongjiang Province, China's third largest coal producer, completed its annual state quota of 33.6 million tons of coal this morning, the provincial coal department announced today.

The department attributed the increase in production to technical transformation and streamlining of existing coal mines and their management. Since 1979, the department said, the state has set aside more than 200 million yuan for revamping Heilongjiang's coal mines while, together with the provincial government, allocating 360 million yuan for mechanization of the mines.

Thirty-three projects for technical improvement have been carried out since 1979, including mining, shaft haulage and tunnelling. The province's 84 aging mines were merged and improved into 64 with modern facilities, thus raising production 34 percent. In 1981, the province produced more than 33 million tons of coal compared with 29 million tons in 1978.

Heilongjiang has imported 30 coal combines and installed domestically-made equipment resulting in mechanization of 66 percent of mining, and 46 percent of tunnelling, operations. By November 15, the province fulfilled its annual drilling quota of 92,000 meters, the department said.

Heilongjiang has a verified coal reserve of 10,900 million tons, with thin coal seams varying from 0.5 meters to 2 meters thick. Previously, the scattered small inclined mines with outdated installations produced only 20 million tons yearly, ranking fifth in the country, the department said.

CSO: 4020/32

## MINERAL RESOURCES

### COAL INDUSTRY CORPORATION TO BE SET UP IN JILIN

OW181848 Beijing XINHUA in English 1629 GMT 18 Dec 82

[Text] Beijing, 18 Dec (XINHUA)--A multiregional coal industry corporation will soon be set up in Changchun, capital of Jilin Province, to boost the economic growth of northeast China and Inner Mongolia.

Northeast China, which embraces Liaoning, Jilin and Heilongjiang provinces, is China's heavy industrial base. But the present shortage of energy supply has limited growth of the economy in this part of China. With approval of the State Council, China plans to solve the problem by developing coal production in nearby areas.

Eastern Inner Mongolia has rich coal reserves and coal is easy to be shipped out. Known coal reserves in the Inner Mongolia Autonomous Region are estimated at 190 billion tons, second to Shanxi Province. The Yiminhe, Huolinhe and Yuanbaoshan areas of Inner Mongolia are suited for developing large open-cut mines, which may employ new technologies and large, high efficiency equipment.

Past administrative divisions made it difficult to plan the development and use of the local coal reserves, hence holding back the growth of the economy in these areas.

The northeast China and Inner Mongolia joint coal industry corporation will guide and run all the major coal mines in the three northeast China provinces and in eastern Inner Mongolia. It will also supervise over all establishments related to construction, geological prospecting, scientific research, designing education in these areas that are directly under the Ministry of Coal Industry.

CSO: 4020/32

## MINERAL RESOURCES

### BRIEFS

GUANGDONG SULFUROUS IRON MINE--The construction of the Yunfu Sulfurous Iron Ore Mine, the largest in China, is being stepped up in Guangdong Province. The country has discovered that this mine's sulfurous iron ore deposits are the largest in the country and the second largest in the world and that the quality of its sulfurous iron ore is the best. Its deposits are slightly smaller than those of the Spanish Sulfurous Iron Ore Mine, which are the largest in the world. The average grade of the sulfurous iron ore of the Yunfu mine is as high as 33 percent and is the highest in the world. The conditions for extraction are good and harmful pollution is little. In October 1977, the state formally approved the building of the Yunfu Sulfurous Iron Ore Mine into a sulfurous iron ore base with an annual capacity of 3 million tons of raw ore. The investment has reached some 500 million yuan. The construction of this mine must be completed by 1985. Over the past few years, under the leadership of the mine command, approximately 10,000 workers have engaged in construction at dozens of worksites within a circumference of some 40 kilometers. To transport northward by railroad the large amount of ore from the mine, the State Council recently granted approval for the mine to borrow some 200 million yuan from a bank for the construction of the Sanshui-Yaogu section of the Sanshui-Maoming Railroad. [HK021026 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 23 Nov 82 HK]

CSO: 4006/171

## CONSTRUCTION

### FUTURE OF RURAL, URBAN CONSTRUCTION SURVEYED

Beijing JIANZHU XUEBAO /ARCHITECTURAL JOURNAL/ in Chinese No 5, 20 May 82  
pp 1-6

/Article by Wang Huabin /3769 5478 1755/: "Explanation of Highlights of  
Chinese Architecture Society's Academic Activities During 1982 - 1983"/

/Text/ 1. Highlights of Academic Activities

In accordance with the 10-point economic construction program put forward in November 1981 by the State Council, the highlight of the Chinese Architecture Society's academic activities during 1982 - 1983 was to gear itself to the central theme of "building socialist cities and countryside," devoting emphasis to the following three topics:

1. City planning and home construction, plus the building of public facilities;
2. All around development of rural village and market town construction;
3. Rational use, reconstruction, and renovation of old cities.

We must now vigorously organize scientific research to tackle problems in the foregoing topics, particularly rural town construction. In addition, we should forge a close link with the realities of four modernizations construction, do overall planning taking all factors into account, and explore in an overall way problems relating to city and countryside construction, specifically: putting land in condition, regional planning, conservation of land use, conservation of water and energy use, protection of the environment, prevention of disasters and adoption of anti-seismic measures, local procurement of materials, use of local resources, and development of municipal government construction in order to advance all-around development of city and countryside construction.

In short, "gearing ourselves to a central theme, launching an attack on three major points, and concurrently considering all aspects will be the highlights of our society's activities for the next two or more years." In view of this emphasis, our academic activities must be closely linked to architectural design, construction, scientific research, and production, with concurrent



vigorous training of architectural scientific and technical talent, strengthening of technical forces, and organizing all trades and industries in the architectural field to serve with one heart and one mind the building of socialist cities and countryside.

## 2. Explanation of the Meaning of the Highlights

(1) The central topic we selected was "construction of socialist cities and countryside." This was because the Chinese Architecture Society is an academic mass organization of many disciplines. That it cuts across trades and industries, cuts across sectors, and cuts across regions are major characteristics and strengths of this society. Consequently, in our organization of society activities, it is necessary to select mostly those topics that are fairly comprehensive in nature that other individual trades and industries, or individual sectors, have difficulty solving in order to organize coordinated combat that cuts across disciplines. It can be expected that when individual disciplines explore a central topic, as a result of their mutual association, mutual osmosis, and mutual functioning, they will be bound to develop increasingly toward systematic all-around research, thereby advancing the comprehensive development of each discipline. We believe that this central topic of "construction of socialist cities and countryside" should play a role in "spurring the overall situation by taking firm hold of a single point" in the organization of coordinated combat by all disciplines of the building industry.

### (2) Essentials of the Three Major Topics

#### 1. City plans and home construction, plus building of public facilities.

The main problems existing in China's urban planning today include the following: the character of cities, the size of cities, the urban environment, the structure of cities, plus home construction and the building of service facilities for public use, etc. Here only problems of home building being far behind actual needs will be explored. Statistics show 30 percent of urban households lack housing. Though 182 million square meters of new housing was built in cities and towns during the 3 year period from 1978 to 1980, which is enough to satisfy housing problems for 3.6 million households, as a result of deficiencies in organization, policies, and management, state investment did not produce the results it should have. By way of increasing economic benefits from construction of urban housing and improving the people's living conditions, several major reform measures are discussed below:

#### (1) Increase in Economic Benefits from Housing Construction

In the building of socialist modernization, which is at the center of economic construction, use of every available means to increase economic effectiveness in housing construction is currently a key problem. As of the moment, many of the major indicators of economic effectiveness in housing construction are not only lower than in economically advanced countries, but lower than China itself has attained in the past. For example, construction costs per square meter have become higher and higher: the average area of each dwelling

has become bigger and bigger; the number of residents per household has correspondingly declined; investment in housing by every urban and town resident has become higher and higher; and the number of urban and town households lacking housing has become increasingly large, etc. In this regard, we must make reforms, raise economic effectiveness, and better satisfy society's present urgent needs.

Improvement in economic effectiveness means building more housing that meets society's needs with minimum consumption of labor and materials. Increasing economic effectiveness requires closer linking of scientific research and construction, adapting general methods to the present time and specific situations in research, and in the formulation of housing construction area norms and quality standards. Increasing economic effectiveness requires use of every available means to tap potential, to shorten the construction cycle, and to speed up circulation of capital for increased output and increased earnings. Increasing economic effectiveness also requires adhering to the principle of fair distribution on the basis of the degree of housing shortage, and putting a stop to privileges, for gradual amelioration of the housing shortage for the broad masses of people. Only by seeking truth in facts, being concerned about actual results, acting in accordance with strength and ability, and actively struggling will it be possible to overcome the situation of recent years of increasingly poor economic effectiveness in urban housing.

(2) Several related links in efforts to bring about housing construction include: a combination of long range planning and short range planning; standardization and diversification; and a combination of the layout of the constructed area and structure lectotype. It is necessary to formulate long range area by area and installment by installment construction plans, and detailed plans for key areas of construction so that urban construction will develop in a fairly coordinated way under centralized plans. It is necessary to pay attention in the formulation of plans to a rational residential density and numbers of storeys in the building of dwellings in order to create conditions for saving land, saving investment, and improving life.

In standardization of construction, it is necessary both to reduce the numbers of structural members, and to provide for interchangeability of structural members. It is necessary both to encourage the creation of diversified buildings using a limited number of standardized structural members, and to carry forward a spirit of a combination of standardization of individually built units and diversification among groups of units, achieving completeness in the form of construction while changing the appearance of groups of houses as much as possible. In short, what is wanted is diversification with unification.

If quality of housing projects is to be improved, a combination of the layout of constructed area and structural lectotype cannot be overlooked. Simultaneous with perfection of structural systems, construction workers today should coordinate structural lectotypes by adapting general situations to functions and specific situations, producing individual reasonable and complete standard designs for housing construction so as to make possible commodity production of structural members in construction.

### (3) Speeding Up Construction and Shortening the Construction Cycle

A good job of organizing and managing construction work, taking the path of linking scientific research and construction, use of systems engineering, and such modern scientific achievements to improve the labor productivity rate in housing construction, to speed up construction, and to shorten the construction cycle are all reforms that are currently needed.

It must be pointed out that construction productivity rate includes four elements, namely, design of construction materials, construction tools, work skills and efficiency of construction workers, and amount of construction produced. Of all these elements, development of construction tools plays a decisive role. Today, one of the fundamental ways in which to improve the labor productivity rate in construction is to use electronic science and technology to accelerate the pace of the construction industry.

In order to hasten realization of the foregoing reform measures, this year we have made construction of urban and town housing one of our main focuses for attack. Naturally as urban and town housing construction develops, we will have to continue to carry out all-around study or urban planning, residential area planning, and public facilities for balanced development.

### 2. Comprehensive Development of Rural Villages and Market Towns

Rural town construction is an extremely urgent strategic task in China. During the past 4 years, the standard of living of China's people has steadily improved, new rural housing construction amounting to about 1.5 billion square meters. Of course, the mammoth "house building craze" that has taken place in rural villages has given rise to a situation of unbridled grabbing up, unbridled taking over, and unbridled building, which has resulted in the waste of large amounts of cultivated land. Development of this situation forces upon us a need to strengthen leadership of all rural construction, providing in an overall way for the all-around development and all-around construction of rural towns. How to arrange all rural construction to improve benefits from investment and make rational use of resources has been placed on daily agendas. In order to make rural construction move forward in the direction of all-around development, we have to study the following: How to work at the same time on a combination of farming, forestry, livestock raising, sideline occupations, water control, shoreline control, and marine control over a 9.6 million square kilometer area; how to lead peasants in building new material civilization and spiritual civilization rural villages that gradually eliminate the three major distinctions between town and country, industry and agriculture, physical and mental labor/; as well as how to prevent rural population from entering cities. The problem of all-around development of rural village and market town construction merits more serious attention. We must proceed from the overall situation in rural development, expanding the work of building peasant houses to planned construction of entire rural villages and market towns for the gradual modernization of village and town construction. Right now, China has more than 5 million rural villages and more than 53,000 market towns. Our rural villages have to be moved and merged to develop market towns with integrated

agricultural, industrial, and commercial enterprises in a gradual transition to small cities and town. The road to be taken goes from villages to market towns, to small cities, to medium size cities, to large cities. We must follow this guiding idea to build, plan, and design our own cities and rural villages. In this regard, the construction worker assistance to individual counties in doing a good job of concrete planning and designing is a bounden duty.

For counties, all-around planning of villages and towns will require a master plan. In addition, village and market town plans and installment by installment construction plans, and detailed plans for key areas of construction so that urban construction will develop in a fairly coordinated way under centralized plans. It is necessary to pay attention in the formulation of plans to a rational residential density and numbers of storeys in the building of dwellings in order to create conditions for saving land, saving investment, and improving life.

In standardization of construction, it is necessary both to reduce the numbers of structural members, and to provide for interchangeability of structural members. It is necessary both to encourage the creation of diversified buildings using a limited number of standardized structural members, and to carry forward a spirit of a combination of standardization of individually built units and diversification among groups of units, achieving completeness in the form of construction while changing the appearance of groups of houses as much as possible. In short, what is wanted is diversification with unification.

If quality of housing projects is to be improved, a combination will have to be drawn up using regional economic plans as a basis. We must persevere in planned guidance of construction. It should be pointed out that village and town construction will have to fit in with development of production. Inasmuch as circumstances differ among pastoral areas, farming areas, vegetable-growing areas, grain producing areas, and cotton growing areas, rural and town construction requires plans and designs first of all. An overall conception is necessary to serve as a basis for action; then it can be specifically applied to villages and market towns, linked to realities, and work layed out. Rural construction plans are not any simpler than designs for the building of cities by any means. They have to take into consideration differing requirements of agriculture, forestry, livestock raising, sideline occupations, fisheries, etc, and must also consider problems of on-the-spot processing of agricultural products in rural villages. Only through equitable planning and designing can rural construction be modernized. For this purpose, we must assist rural villages in vigorous training of skilled construction personnel and in the strengthening of their technical forces so that the peasants themselves will be able to plan and build their own living environments. If rural villages are built well, differences between cities and the countryside can be gradually narrowed, and the flow of rural population into cities reduced.

Why the emphasis on development of rural market towns? This is because:

(1) Market towns are an integral part and a basic link in the village and town system, and equal to several village political, economic, cultural, science, and daily living service centers. They function as cities, but are located in rural areas. They play a decisive role in improving peasant standards of living, in transforming the rural structure, and in the urbanization of the rural population.

(2) Market towns are links between city and countryside and intermediaries between industry and agriculture. They are responsible for carrying out the important tasks of getting industrial products into the countryside and collecting and distributing agricultural sideline products. They play a crucial role as bridges linking city and countryside, agriculture and industry. They have a very great influence on development or reproduction throughout society. Additionally, they provide conditions for integrated agricultural, industrial, and commercial activities, for all-around development, and for all-around construction.

(3) Market towns are major places in which the broad masses of peasants enjoy urban civilization and elevate their cultural level. They play a special role in the urbanization of rural villages and in raising spiritual civilization.

In short, emphasis on development of market towns is the beginning of a march along a road of urbanization that links city and countryside, agriculture and industry. This is a task that plays a major role of strategic significance. We had best use special pilot projects of various kinds, demonstrations, and summarizations of experiences to guide village and town planning and construction.

### 3. Rational Use, Reconstruction and Renovation of Old Cities

Rebuilding of old cities is one of the serious problems that China currently faces in the building of its cities. Many of China's old cities were built in feudal times and are in an antiquated state inherited from the past. Some have not yet been fundamentally changed. Now is the age for the building of new urban areas, for rebuilding old urban areas, and for sedulously seeking the renovation of new cities. This task is an unshirkable one in our construction work. Problems in rebuilding and renovation deserving of study are the following:

(1) We must study how, in the rebuilding of old cities, to carry out integrated, comprehensive planning so as both to be able to continue and carry forward the existing unique character of the old cities and also to protect and make sensible use of old structures in combination with development of modern cities.

(2) In the rebuilding of old cities, we should explore to begin with reconstruction of the old districts in the inner city to improve "inner city congestion." This will be possible in some cities, but in some structural

changes will have to be made, changing from a single center to multiple centers, developing multi-functional composite areas; with individual peculiarities in order to reduce pressure on the inner city. For some old cities it will be necessary to consider how effectively to rebuild area by area over a period of time areas in which delapidated houses are concentrated, and to select a certain number of dwellings annually from within each newly built small area to serve as houses that can be used in turn by inhabitants while rebuilding is underway, so that there will be a supply of houses that can be used locally by first one group then another as houses are razed, moved, and land cleared in the gradually changing of the backward appearance of old areas of the city.

(3) We need to study how to link rebuilding of old cities with new construction in suburbs, first building houses to replace those to be razed or moved so as to provide conditions for dispersal of population in old cities.

(4) We must handle the building of new and old urban areas separately. In building new areas, it is necessary to consider how to avoid old urban areas and develop the new areas relatively independently, and it also necessary to consider the organic link between the new and old cities. For famous cultural cities, in particular, preservation plans must be prepared so as to preserve and develop the special character of the old cities in a planned way. In another realm, it is necessary to figure out how to improve public transportation systems in the downtown areas of old cities, how to develop one-way traffic, establish pedestrian zones, and set up streets solely for walking so as to avoid large scale razing of houses. Thought has to be given how to carry out restoration and preservation work actively to protect cultural artifacts and the environs of old cities, and to make rational use of them. In addition, improvement of municipal government buildings and service facilities in old urban areas as a convenience to the public cannot be overlooked either.

(5) We must also explore how to readjust the distribution of industry in old urban areas, and how to improve the environment. For example, in some places harmful plants have to be moved away and bases vacated to provide conditions for the building of public parks and plazas to improve the people's livelihood.

The above three major topics must also be linked to the eight pertinent aspects of urban construction and explored in an overall way.

### 3. Brief Explanation of Problems in Eight Aspects

#### 1. Renovating the Nation's Land

Since founding of the People's Republic, no serious study has been done of the problem of renovating the nation's land, and many stupidities that violate natural laws have been perpetrated that have seriously damaged national resources and the ecological balance, causing very great losses for the country. Consequently, in April 1981, the CPC secretariat decided that the State Construction Commission should coordinate with the State Agricultural Commission to do a good job of renovating the nation's land. This work is now in process of getting underway.



Renovation of the nation's land means use of certain economic and social conditions at a certain stage of historical development for development and use of the most economical and most equitable methods for using existing natural resources. The object of national land renovation work is good handling of the relationship between man and the natural world on which he is dependent. This work has three characteristics, namely the strategic, the overall, and the local. The work involves comprehensive consideration of the relationship among overall consideration, development, use, control, and preservation. The scope of work bears on the farflung rural villages and cities, and is closely related to scientific research in the fields of agriculture, forestry, aquatic products, water conservancy, industry, communications, geology, and meteorology. Therefore, this work relies on all sectors, all prefectures, and all counties for its performance, and widespread organization of specialists and scholars for active participation in academic activities is also necessary. It must be noted that urban master plans are an important integral part of plans for renovation of the nation's land. They should augment requirements for renovation of the nation's land and should, when necessary, be revised.

It should be noted that national land plans are strategic deployments for undertaking rational development of natural resources and social resources. They include study of possibilities of building major projects. However, they provide no specific plans for major project construction, plant site selection, or implementation.

## 2. Local Plans

Last winter the State Construction Commission considered making local planning the focus of work for the following 2 years, and it called together departments, units, and areas concerned to make an overall examination and undertake planning on one or two regional plans and river basin plans that cut across provinces and regions. In addition, the State Construction Commission also plans to organize all provinces, municipalities, and autonomous regions to carry out one or two urgently needed major regional plans involving development, use, control, and preservation, additionally exploring city and town planning systems, and such problems. Early this year, the State Construction Commission was also thinking over the organization of a regional plan for Beijing, Tianjin, and Tanggu, using it as a pilot project for national land planning. It was also planning discussions and study of the following problems with surrounding areas and provinces and municipalities concerned:

Division of labor and cooperation among municipalities, assignment and readjustment of production forces (particularly industrial), distribution of new cities and towns, centralized regulation and arrangements for water, energy, and transportation, centralized organization of scenic tourist routes, and planning of the location of forest shelter belts in north China. Right now comrades in individual provinces, municipalities and autonomous regions have some preliminary thoughts, and it is planned to make regional plans for local regions before 1985. Currently some provinces and municipalities are beginning to do regional planning work for some areas such

as Yuxi Prefecture in Henan Province, Yanzhou and Jining prefectures in Shandong, the Yangtze River delta region in Shanghai, the Pearl River basin in Guangdong, and for Bayinguoleng Autonomous Zhou in Xinjiang Province.

### 3. Conservation in the Use of Land for Construction

China has a large population relative to the amount of its cultivated land. Cultivated land averages less than 2 mu per capita, which is 40 percent of the world average of 5 mu per capita. Since founding of the People's Republic, China has lost about 500 million mu of cultivated land to urban and rural construction, an astounding amount! Loss of control in recent years over rural home construction has been a major reason accounting for reduction in the cultivated land area. Therefore, the treasuring of every inch of soil and rational use of every inch of soil should be our national policy. We need to study how to strictly control use of land for capital construction.

Effective action has to be taken now to control reckless use of cultivated land for the building of rural homes. Whenever wasteland can be used, cultivated land should not be taken over; and whenever slopes or infertile land can be used, flat land, good land, or garden plots should not be taken over; otherwise if cultivated land is taken over, grain output will fall and there will be no end of future trouble.

### 4. Conservation in the Use of Water and Energy

Water is an extremely important resource. Runoff of water in China amounts to 2.61 quadrillion cubic meters annually for fifth place in the world, but the amount of water annually available averages only 27 million cubic meters per capita, which is only one-fourth the world average, or one-eleventh the amount available in the United States and one-seventeenth the amount available in the USSR. Furthermore, water resources have been damaged and pollution is truly extremely serious. Consequently, the broad masses of people and cadres should be made to understand the importance of developing and protecting water resources, using them rationally, and conserving use of water. We must undertake a nationwide survey and prospecting for water resources, and draw up plans for their rational use. Planned use of water and conservation in the use of water requires delineation of the nature and levels of urban water use. This is basic to the formulation of urban master plans for development and policies for use of water resources.

Our program for conservation of energy is as follows: Simultaneous emphasis on development and conservation, priority going to conservation in the short run, and carrying out technical changes and structural improvements centering around energy in the national economy to make sure that conservation norms for petroleum products, coal and electricity are fulfilled. Construction workers should, first of all, explore the relationship between the flat surface, shape, and direction in which structures face and the conservation of energy, making recommendations on measures to conserve energy. Also needed is study of energy conservation effected by various construction materials, and study of the role of dead air space in energy conservation including methods for calculating equipment, systems, and parameters. In addition,



use of new sources of energy hold out magnificent prospects for prevention of environmental pollution, and for augmenting the supply of energy at the same time. New sources of energy include solar energy, water power, wind power, geothermal energy, and methane gas. Development of new energy sources and use of solar energy will be the trend of development during the 1980's.

## 5. Protection of the Environment

Environmental pollution is extremely serious in China's cities and countryside. Atmospheric pollution is worst. Burning of fuels by industry and people discharges 14 million tons of soot and 15 million tons of sulfur dioxide into the atmosphere annually in China. Fly ash in Lanzhou and sulfur dioxide in Shenyang are 26 times and 65 percent greater respectively than in London, England. Furthermore, water pollution is also fairly serious in China. More than 90 percent of the industrial waste water discharged annually enters the water system without having been treated, with the result that most rivers are polluted, directly threatening survival of fish. Soil pollution, particularly pollution of the soil by industrial residues, is especially alarming. Annually China's industry discharges more than 200 million tons of residues. The amount of steel slag accumulated over the years amounts to more than 200 million tons and waste rock produced from coal mining runs to more than 1 billion tons. They occupy large amounts of farmlands, and pollute large expanses of land. Therefore, we must energetically develop environmental protection techniques to control harm to the public, and to use resources properly, turning a disadvantage into an advantage. Construction projects are both the key to helping control pollution and to cleaning up pollution, and they are a large customer for the use of industrial wastes and residues. They can play a definite role in all around control of environmental pollution. Construction workers should organize to overcome the environmental crisis, turn their skills to advantage, and work up environmental plans to guarantee the most fundamental of the people's needs (such as air, water, nutrition, dwellings, places for social activities, and guaranteed safety).

## 6. Disaster Prevention and Guarding Against Earthquakes

In recent years many places in the country have experienced flood, drought, and earthquake disasters with unusual frequency. The hardships wrought on the people by earthquakes have been substantial.

China's cities and about one-half of its urban population are located in a zone where earthquakes reach an intensity of seven and above. Thus, in city planning, consideration to how to withstand earthquakes to prevent disasters is truly urgently needed. We should and can diminish earthquake disasters through urban planning and construction design. Specific measures include the following: Restrictions on the size of cities; restrictions on building density and population density; rational use of land; development of land areas least susceptible to earthquakes, providing for an adequate number of lifeline projects so that when earthquakes strike, energy, communications and transportation, medical services, and open spaces will be available for use; removal to areas of the city where they will cause no damage of enterprises and equipment likely to catch fire or explode causing secondary disasters;

and full attention to conditions that help withstand earthquakes such as civil-defense facilities and other subterranean structures. It must be pointed out that how to use structural design and urban planning to diminish earthquake disasters is a topic that ramifies into many areas. The problem of rural construction and construction of various other kinds that can withstand earthquakes should arouse everyone's serious attention, and academic research in this regard should be intensified. In addition to making use of the role of construction engineers and structural engineers, other specialists should also be organized to engage in research, to explore and to pool their thinking for common advantage to give impetus to this work.

#### 7. Use of Local Materials and Use of Local Resources

The key to whether China's capital construction will be able to keep pace with progress on the four modernizations lies in construction materials. Development of construction materials directly bears on the speed and quality of capital construction. It not only has an effect on the issue of housing for the broad masses of people, but also bears on development of industrial and agricultural production. Consequently, construction workers must understand the situation in local availability of construction materials, and study its main direction of development. Though light alloy steel, organic synthetic materials, and steel-reinforced concrete may be the main trend of development, current speed of development of these materials is a long way from being able to meet the needs of socialist construction. Thus, China's urban and rural construction will have to adhere to a program of adapting general methods to specific situations, obtaining materials locally, and using local resources to the full. The trend of reform in wall construction should be full use of industrial wastes and local materials, using these materials in a composite way to get lightness and high strength and to serve multiple functions. In the loess highlands and other places having requisite conditions, the following should be advocated: use of immature soil to improve cave dwellings, rammed earth construction and adobe brick construction. In addition, we should now encourage and promote steel-reinforced concrete structural members and the use of steel in place of wood. Seventy percent of construction costs are for materials. Thus, they occupy an extremely important position in construction projects. Construction workers should organize and coordinate to tackle problems in order to hasten development of the construction materials industry.

#### 8. Development of Municipal Services Construction

In the past, urban construction in China has not given serious attention to basic construction; thus frequently urban functions have been unbalanced. Examples include communications and transportation, energy supply, and water supply and sewage, construction, which have lagged far behind actual needs. This situation has gotten worse in recent years. Things have come to the point that before old accounts have been repaid, new accounts are owing, and development of these services is far from keeping pace with progress in the building of urban housing. Now investment in municipal services construction should look first to basics, including the building of road transportation and water supply, which should come first.

Today, urban and rural construction should first of all solve problems in transportation flow. Experience has shown that an urban layout in which traffic converges on the center of the city frequently results, as a result of traffic jams, in the functional paralysis of the downtown area. In order to maintain over a long period of time a constant flow throughout cities, only an intersecting and circulatory traffic system will work. We construction workers should conduct study of this problem.

In the building of urban water sources, we should both develop new sources and devote attention to conservation. In expansions, renovations, and new construction, in particular, adherence to planned use of water is necessary. Shortage of water, waste of water, and pollution of water sources are three major contradictions that currently exist. Consequently, in building and using water sources, it is necessary to carry out a program of simultaneous development, conservation, and protection of water resources.

In the drainage and treatment of urban waste water, a program of eliminating the bad and building up the good, and using and reusing the same water should be followed. A combination of treatment within industrial plants (or within units) and urban treatment should be used. The principle of a combination of treatment and use should be followed, waste water being properly treated.

Looked at in overall terms, an urgent problem requiring solution in development of municipal services is the integration of below ground and above ground construction, and encouragement of a combination of basic urban construction and environmental construction. By basic urban construction is meant the following: most basic urban construction of things such as communication and transportation systems, municipal public works projects, and public utility systems. By environmental construction is meant the following: the open spaces and material environment that people need in order to live, things such as the natural environment, buildings, parks and greenery, and inside facilities. A combination of basic and environmental construction is not only able to bring about a qualitative leap in urban construction, but can also help make everything look fresh and bright. Now, China's construction workers have to step forward, unite for combat, and study together how to carry out comprehensive planning of basic construction and environmental construction as part of urban and rural construction, matters such as how to maintain a dynamic balance between the two, how to bring into play the coordinated role of both, and how to bring about all-around development of the two, etc.

I believe that all that is necessary is the emancipation of thoughts, a correct orientation and advanced methods, and an upsurge in socialist urban and rural construction can be achieved during the 1980's.

Postscript: This is a revised draft of an article that the author delivered at the work conference convened in Nanjing on 26 February 1982 by the Chinese Architectural Society.

9342

CSO: 5006/563

## DOMESTIC TRADE

### NEW TRENDS IN RURAL PURCHASING POWER DISCUSSED

Beijing SHICHANG [THE MARKET] in Chinese 8 Nov 82 p 2

[Article by Lin Tong [2651 6639]: "Changes in Rural Purchasing Power"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, the supply of commodities has been ample and the market has prospered. Numerous changes have occurred in rural purchasing power than are primarily manifested in the following three areas.

#### Increased Purchases of Production Materials

Quite a few areas have propagated the expression that "production comes first, building houses second and the daily necessities third." It is a reflection of the wish of broad masses of peasants who spend their money on purchasing top quality suitable production materials. Many peasants say: "If chemical fertilizer isn't available, we can't spend money on it." In certain "double contract" areas, buying farm animals is the primary expense. In Ongniud Banner in Nei Menggu, a survey was done on 48 peasant households. Between January and August of this year, over 6,800 yuan was spent on purchasing production materials that is 35.4 percent of the total expenditures on commodity procurements. This is 1.5 times more than last year. Expenditures on purchasing farm animals constituted 69 percent of expenditures on production materials. Commune members with fairly high incomes have urgently demanded that they be able to independently or jointly purchase cheap minor farm implements that are small, portable and multifunctional.

Between January and August of this year, the volume of sales of production materials in the national supply and marketing system increased 11.9 percent over last year during the same period. Of this, chemical fertilizer increased 13 percent and it could only satisfy 70 to 80 percent of the rural demand while pesticide sales increased 50.8 percent. The farm implement company network changed their state of steadily declining sales during the past 3 years. This year between January and August their sales volume increased 6.7 percent over the same period last year.

### High Demand for Construction Materials

As the income of the broad masses of peasants has increased and as their standard of living has improved, they have urgently demanded improvements in living conditions. Thus, the demand for construction materials is very high. Peasants in relatively well-to-do areas "don't worry about food or clothing but urgently need new housing."

At present, the supply of lumber, glass and other construction materials in rural areas is tight and there are serious shortages. According to the calculations of the Agricultural Bank in Chongming County in Shanghai, the peasants need over 30,000 cubic meters of lumber of construction but this year we can only meet at most one third of the demand. They need 12,000 standard panes of glass but we can only meet one third of the demand for the first 6 months of this year.

### Need for Choice in Purchasing Consumer Products

At present, rural commune members have changed from "vying with each other to make purchases with money in hand" to "saving money to pick out and buy products." Purchases of consumer products for daily use have changed from purchases of low and medium quality products to medium and top quality products. In many areas the new situation of the "three look fors" and the "four won't buys" has appeared. This means that we regard the supply trends of consumer products, they look for large quantities, fine quality and low price. If goods aren't urgently needed and if product quality is poor the peasants won't buy them. If varieties and assortments aren't satisfactory and if the products aren't name brands they won't buy them. Greater demands have been made on the rural market.

Between January and August of this year, the amount of retail sales of essential consumer materials in supply and marketing cooperatives throughout the country has decreased by 60 million yuan over the same period last year that is a reduction of 0.2 percent. This is something that has not occurred during the past several years. The primary reason for this is that the peasants have become more selective. In the past, of peasant expenditures on housing construction, 20 percent was spent on buying cigarettes, alcohol, fish, meat and eggs to entertain craftsmen and friends, relatives and neighbors who offered assistance. At present, firms in many areas do not entertain craftsmen. They make contracts and pay wages so that food and drink expenses have decreased greatly compared to before.

9864

CSO: 4006/125

## DOMESTIC TRADE

### MEETING ON REFORMING SUPPLY, MARKETING COOPERATIVES

HK091036 Changsha Hunan Provincial Service in Mandarin 1100 GMT 8 Dec 82

[Text] The Hunan Provincial CPC Committee and People's Government held a meeting in Hanshou County from 4-7 December to discuss and arrange the work on reforming the system of the supply and marketing cooperatives. The meeting conveyed the spirit of the documents on this matter issued by the CPC Central Committee and the State Council. The supply and marketing cooperative in Hanshou County, which was selected as an experimental unit for this reformation, presented its experience at the meeting. The meeting pointed out that the systematic reform carried out in the Hanshou County Supply and Marketing Cooperative was a success and its orientation was correct. In order to do a good job in reforming the system of the supply and marketing cooperatives in this province, the meeting decided that experiments will first be made in 18 units this winter and next spring before the reform is carried out in an all-round way beginning the second half of next year. It is expected that the work will be finished before the spring of 1984.

The meeting held that since the reform of the system of the supply and marketing cooperatives is a part of the reform of systems in all organizations, it is necessary to do it well, so that the cooperatives can play a greater role in serving production, promoting circulation and ensuring an actual increase in the rural economy. However, many aspects of work will be involved during the reform and the problems are very complicated. It is necessary to stick to principles. For this reason, the meeting required that CPC committees and governments at various levels strengthen leadership and appoint major cadres to take charge of the work. They must discuss the matter with relevant departments, make concrete plans and act accordingly so that the reform of the system of the supply and marketing cooperatives in this province can be carried out successfully and so that the supply and marketing cooperatives can really become main channels for economic exchanges between urban and rural areas and become links between various rural economies.

CSO: 4006/171

## DOMESTIC TRADE

### FUJIAN MEETING ON COMMERCIAL ORGANIZATIONS DISCUSSED

OW051725 Fuzhou Fujian Provincial Service in Mandarin 1120 GMT 29 Nov 82

[Text] The provincial meeting on finance and trade work has pointed out that to actively reform commercial organizations step by step will be a fundamental measure in solving the many problems existing in Fujian's commerce and create a new situation of commodity circulation. The meeting, held by the provincial people's government, began in Fuzhou on 26 November. Following the guidelines of the national meeting on commerce, the provincial meeting proposed a step-by-step reform of Fujian's commercial organizations.

The proposed reform calls for establishment of state-operated commercial corporations which are separated from the government; arranging commodity circulation according to economic zones to reduce wholesale levels and intermediate links; classifying retail enterprises into the state-owned and state-operated enterprises, the state-owned and collective-operated enterprises and the contract enterprises; and reorganizing rural supply and marketing cooperatives into cooperative stores.

The meeting proposes: We should accelerate the organizational reform of grassroots level rural supply and marketing cooperatives. We should establish on a trial basis an economic organization which integrates grassroots level supply and marketing cooperatives, specialized peasant households and specialized groups with the cooperatives as its primary component, and thus combines production, supply and marketing. We should reorganize the grassroots level cooperatives into cooperative stores which link marketing with peasants' production and processing. We should increase the peasants' shares of the stores and gradually make more than 80 percent of them shareholders. They may buy as many shares as they want. We should restore the mass nature, democracy and flexibility of the grassroots level cooperatives. Complying with the government policies, decrees and plans, the grassroots level cooperatives should be independently managed, keep independent accounting, assume sole responsibility for its profits and losses and pay taxes to the state.

The meeting calls on all prefectures and municipalities to complete all-round experimental reforms in selected counties before the end of the first half of 1983, gradually begin the reform throughout the province in the second half of next year and complete the reform in 1 year.

The meeting points out: Large and medium-sized state-operated retail stores, restaurants and grassroots level grain stores should continue to be state-owned and state-operated and should implement the system of responsibility in an all-round way. Small stores with 20 or less workers and the restaurants with 15 or less workers should be collective-operated by contracts. Small stores that are suitable to individual operation and small stores that are located in remote areas may be contracted to individuals for operation. A worker may leave the store to run a store of his own by contract if he can find the opportunity. We should experiment on family stores and stores run by husbands and wives. The small collective-run and individually operated stores should assume sole responsibility for their own profits and losses and pay taxes to the state. After paying taxes and retaining a portion of the profits as their development funds and collective welfare funds, they may distribute the best of the profits among the workers according to their work without setting a ceiling of workers' income. The enterprises and the individual workers running stores by contracts will retain their original affiliation. If the workers are workers of state enterprises, they will retain their original status and retirement benefits without breaking their length of service.

The meeting calls on all professions and trades in various prefectures and municipalities to conduct experiments at selected units and gradually begin the reform in the second half of next year.

CSO: 4006/171



## DOMESTIC TRADE

### BRIEFS

GUIZHOU SALES, SUPPLY FAIRS--Since October, commercial departments in all places in Guizhou Province have held sales fairs and supply fairs and arranged industrial products to be supplied to rural markets during the busy season. Before the national day, commercial departments in Anshun Prefecture supplied rural areas with the commodities with a total value of 7.73 million yuan. The first Guiyang Municipal Commerce Bureau held a daily-use industrial product fair at the end of October and some 14,000 kinds of products were on sale. On the first day of the fair, the value of transactions reached 650,000 yuan. At the end of October, the Suiyang Commerce Bureau and supply and marketing cooperative jointly held a sale fair and the value of transactions reached 1.11 million yuan. [HK250930 Guiyang Guizhou Provincial Service in Mandarin 1100 GMT 22 Nov 82 HK]

HUBEI MARKETS, FAIRS--The volume of business at the markets and fairs in Hubei Province from January to September this year reached some 260 million yuan, each peasant household's income derived from sales of agricultural and sideline products in markets and fairs was 85 yuan and each urban resident spent an average of 15 yuan on the purchase of agricultural and sideline products at the markets and fairs. Each peasant household's income and each urban resident's expenses in this period were 15.5 percent and 33 percent more, respectively, than last year. Urban and rural areas in the province have reconstructed some 2,000 markets and fairs and 6 large and medium-sized cities have built 61 markets. Some 2.3 million yuan has been invested in the construction of 9 large markets in these 61 markets. [HK071504 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 3 Dec 82 HK]

CSO: 4006/171

## FOREIGN TRADE

### 'RENMIN RIBAO' ON ADOPTING INTERNATIONAL STANDARDS

HK130441 Beijing RENMIN RIBAO in Chinese 10 Dec 82 p 3

[Commentator's article: "Actively Adopt International Standards"]

[Text] Actively adopting international standards or advanced foreign standards is our country's important technical and economic policy. For this reason, the State Economic Commission, the State Scientific and Technological Commission and the State Bureau of Standardization have promulgated the "method of supervising the adopting of international standards" (for trial implementation). All trades and enterprises must actively implement them.

Only 20 to 30 percent of the standards adopted by the state and various ministries and enterprises are up to or higher than international standards, 70 to 80 percent are lower. Due to the low level of home standards, the quality of most products is not high even if it is 100 percent up to the required standards. The technical standard is the technical base for measuring the quality of products and also an important guarantee for improving the quality of products. Only when there is a high technical standard will there be fine quality products. In order to improve the quality of products, it is necessary to raise the level of standards. Therefore, adopting international standards and advanced foreign standards is an urgent task concerning our country's economic and technical development at present.

Adopting international standards has become the common trend of technical and economic development in various countries at present. In order to remove trade and technical barriers, the international standardization organizations have formulated more and more international standards at an ever increasing speed and more and more spheres are affected by these standards. To make our products more competitive in the international market and expand our foreign trade, we also should actively adopt international standards or advanced foreign standards. Whether the international standards are adopted or not will produce different results. For example, the steel used in shipbuilding produced by our country could not enter the international market before the international standards were adopted in producing steel and the ships built with this steel were not exportable. After adopting international standards, the steel and the ships build with it became exportable, thereby saving and earning a great amount of foreign exchange for the state.

Adoption of international standards is advantageous to the all-round improvement of quality of products and the attainment of better economic results. Is it possible to adopt two different standards, that is, the international standards for export products and the state's existing standards for products marketed at home? This method is not good. The fundamental purpose of adopting international standards is to raise the technical level of our national economy and to improve the quality of products for export or for the home market. If two different standards are adopted, only a few enterprises would develop technically and the overwhelming majority of the enterprises would remain at a low technical level. This would not only hinder the improvement of quality of products marketed at home but would also be disadvantageous to the improvement of quality of export commodities. When the general technical level is low, the quality of export commodities will not have a solid foundation even if they can be improved. At present, the quality of some of our products is fine but not steady. This is somewhat related to the low technical level of our national economy and the low management level. In turning out our products, we should strive to gain a good reputation in the international market and the supply our people with good and cheap commodities at home. Therefore, we should adopt only one standard for goods to be exported or marketed at home and this standard should reach the international level.

International standards or advanced foreign standards should be studied seriously, treated differently and actively adopted. The international standards whose contents are identical with or similar to the concrete conditions of our country's standards should be treated as equivalents. Those different from our country's conditions can be adopted in the light of our country's economic conditions and conditions of natural resources. However, the standards of performance and quality of our products should correspond to international standards. This is the method generally applied by foreign countries in adopting international standards. All localities and departments in our country should formulate plans for adopting international standards by stages. Enterprises dealing with exports and being of a relatively high technical and management level should be the first to adopt these standards and strive to produce good results during the 6th 5-Year Plan period. Raw and semifinished materials, electronics and machine building industries should take the lead in supplying the various sectors of the national economy with advanced technologies and installations. Adopting international standards means imposing higher demands on various enterprises and will involve difficulties. However, it is possible to attain these standards through hard work. The key lies in doing our work well. We must strengthen all-round quality control, improve the responsibility system, formulate necessary standards for our work and management, establish and improve systems for insuring quality of products and for information feedback, and so forth. We must work hard so that all trades will, within not too long a period of time, generally adopt international standards and gradually establish standards equivalent to the international standards and suitable to our country's conditions, so as to bring about a marked change in the technical conditions of our national economy.

The adoption of international standards will demand technical innovation and renewal of equipment in enterprises. Enterprises carrying out technical innovation, especially those carrying out major technical innovation, should include adoption of international standards in their plans so that they can

accomplish their technical innovations and adopt international standards at the same time and avoid waste of time and money when they are required to adopt international standards in the future. Moreover, enterprises and units adopting international standards should enjoy priority in obtaining funds, raw materials and supplies of energy and equipment and their products should be priced according to quality, so as to encourage them to adopt international standards and improve the quality of their products.

The work of adopting international standards concerns all sectors of the national economy. It cannot be done well by relying on the standardization departments alone. People's governments and supervising departments at all levels should strengthen leadership over and support for standardization work, so as to speed up the work of adopting international standards.

CSO: 4006/170

## FOREIGN TRADE

### SHANGHAI ISLAND TO BECOME EXPORT COMMODITY BASE

OW090112 Beijing XINHUA Domestic Service in Chinese 0207 GMT 7 Dec 82

[Text] Shanghai, 7 Dec (XINHUA)--Chongming Island, China's third largest island, will be built into a comprehensive base for producing export commodities.

This is the decision recently made by the Shanghai Municipal General Foreign Trade Company. The decision calls for the establishment of five production lines to produce paper, textiles, processed food and fresh products by making full use of the island's resources and directly exporting them to foreign countries.

Located at the estuary of the Changjiang, Chongming Island abounds in shoreline straw and reeds. With numerous canals, transportation is easy there. It has plentiful electricity supply and manpower and can provide 64 categories of commodities for export.

The five production lines the company and the Chongming County People's Government plan to establish are:

--textiles. The staple of Chongming's cotton is long and its quality good. The pure cotton Goose-brand T-shirts produced in Shanghai and selling very well in international markets are made of such cotton. It has now been decided that a certain acreage of fields will be exclusively planted with cotton and an integral production line will be established--from cotton planting, spinning, weaving, dyeing to the end product. The Goose-brand T-shirts will be produced at assigned plants with special raw materials in order to expand sales.

--paper products. With straw and reed as raw materials and with paper mills, printing plants and paper processing plants to be expanded, paper for students' use will be produced for export. At the same time, high grade white paper will also be produced.

--food processing. Shorelines and existing conditions will be used to raise chickens, ducks, geese, sheep and cows, as well as mushrooms and asparagus. These will be processed into canned and frozen foods on the spot.

--fresh items. Unpolluted tidal land will be used to raise rare, high quality vegetables and fish, such as anchovy and mian zhang fish [7240 0004 7625].

--ship breaking for steel manufacture. Existing capacity of ship breaking for steel manufacture will be expanded on shorelines to break up more imported vessels to turn scrap into rolled steel needed for export.

CSO: 4006/171

## FOREIGN TRADE

### GUANGDONG'S ZENG DINGSHI STRESSES FOREIGN TRADE

HK030408 Beijing ZHONGGUO XINWEN SHE in Chinese 0217 GMT 3 Dec 82

[Excerpts] Beijing, 3 Dec (ZHONGGUO XINWEN SHE)--Guangdong Provincial Vice Governor Zeng Dingshi, who is in charge of the province's external economic dealings and trade, said in a panel discussion at the NPC session on 2 December that he supported Premier Zhao Ziyang's "report on the Sixth 5-Year Plan." He said that we must resolutely carry out the central decision that Guangdong should practice a special policy and flexible measures, and strive to create a new situation in external economic dealings and trade.

Zeng Dingshi cited the following facts of Guangdong's rapid development of external economic dealings and trade in the past 3 years to show that the central authorities' policy decision is completely correct:

--The province's foreign trade has doubled. Comparing 1981 with 1978, procurement of products for export increased by 98.5 percent and total volume of exports rose by 116 percent. The gloom in the international market has had a certain effect on exports this year, but procurement of products for export in the first 10 months of the year showed a rise of 8.8 percent over the same period last year.

--The province has initially promoted external economic and technical cooperation. By the end of last year, the province had signed over 12,000 contracts for processing imported raw materials or assembling goods for foreign customers, imported equipment worth about \$100 million, and made over \$260 million in income from payments from this industry. Total output value of the processing industries last year was over 700 million yuan, equivalent to one-third of the province's total industrial output value. There are about 600 projects for compensation trade and cooperative and joint ventures or single-party management. Over \$500 million of the investment to be provided by foreign businessmen according to these contracts has already been used, while equipment worth \$170 million has been imported for these projects. The number of new contracts signed and the revenue from industrial payments in the first 9 months of this year increased over the same period last year. This shows that our province's international reputation has been further enhanced.

--We have improved a number of weak links and carried out reforms in some old enterprises by using foreign and overseas Chinese investment to import advanced technology. For instance, in cooperation with foreign businessmen, we have

installed a 200,000 kw generator at Shaoguan power plant, linked up high-tension transformer power lines to Shenzhen and Zhuhai, and opened up passenger and cargo sea routes from Guangzhou, Shantou, Zhuhai and Jiangmen to Hong Kong and Macao. Currently under construction are a 2,700-channel microwave telecommunications circuit from Guangzhou to Hong Kong, microwave telecommunications circuits from Guangzhou to Haikou and Shantou, and four highway bridges between Guangzhou and Zhuhai. Quite a large proportion of the equipment we have imported is advanced; as examples, there are the equipment for producing 10,000 containers a year each at Guangzhou shipyard and Dawang farm, the equipment for encasing rubber tubes in lead at the Guangzhou rubber plants, and the soft container production line at the Guangzhou Cannery.

Zeng Dingshi said that Premier Zhao demanded in his report that we continue to make active and effective use of foreign loans, draw in foreign investment and promote joint ventures with foreign businessmen, and expand the use of foreign investment to an appropriate extent. He put forward clear-cut principles and tasks for us in developing external economic dealings and trade. The constitution that this session is discussing and is about to adopt clearly stipulates protection for the legitimate rights and interests of foreign investors. Those foreign businessmen who are hesitant and adopting a wait-and-see approach can now get rid of all their worries.

Vice Governor Zhen Dingshi pointed out that in making active use of foreign and overseas Chinese investment, Guangdong should focus on developing agriculture and improving energy and transport. The province must actively import advanced technology and equipment to transform its old enterprises. It is necessary to eliminate irrational phenomena such as arbitrarily imposing fees and hiking prices and having an inordinate number of taxes and fees. At the same time, we should formulate a number of local rules and regulations and favored treatment policies, the better to attract foreign investment.

He also said that as Guangdong has abundant manpower resources and a certain technological standard, in the future the province should develop the business of undertaking contracts and providing labor services abroad, and also prepare to set up an international economic and technical cooperation company.

CSO: 4006/171



## FOREIGN TRADE

### COAL MARKETING SEMINAR TO BE HELD

HK250326 Beijing CHINA DAILY in English 25 Nov 82 p 2

[Article by staff reporter]

[Text] An international seminar will be held in Beijing from March 18 to 26 on investment in mines and marketing of Chinese coal, Bai Xingji, director of the China Coal Society, has announced.

He said the seminar, sponsored jointly by the China Coal Society and U.S. WORLD COAL magazine, aims at obtaining foreign funds and technology for modernization of China's coal industry.

More than 50 foreign guests will attend the seminar, after which the foreign participants will visit coal mines and scenic spots, including Hangzhou.

Representatives of the Chinese Coal Ministry, China National Coal Development Corporation, China Southwest Energy Resources United Development Corporation, Ministry for Foreign Economic Relations and Trade, China International Trust and Investment Corporation and the Bank of China will also be invited to take part in the seminar.

#### Technical Sessions

He said that China intended to go into labour cooperation with foreign countries. This topic might be touched upon during the technical sessions. Contacts have already been made with Colombian, Filipino, Thai and international U.S. firms.

Bai, who is also deputy director of the International Department of the Coal Industry Ministry, said that China had imported \$1 billion of coal-mining equipment and technical know-how. China hoped to continue this policy if it could get credit at preferential rates from foreign governments or banks.

Coal now provided 70 percent of China's energy. Until 1985, the coal industry had to increase its output to 700 million tons per year. Further production rises beyond 1985 would also be needed. It's of paramount importance for the country to develop the coal industry if modernization is to be realized," Bai said.

New mines were badly needed, but it took seven to eight years for a new mine to reach its designed output. So old mines also had to be upgraded.

It was necessary for China to import equipment and technology and to seek foreign investment, the director added.

CSO: 4020/32

## FOREIGN TRADE

### SHENZHEN MAYOR EXPECTS MORE OVERSEAS INVESTMENTS

OW101121 Beijing XINHUA in English 0734 GMT 6 Dec 82

[Text] Beijing, December 6 (XINHUA)--The mayor of Shenzhen, one of China's first four special economic zones, said today he is expecting more investments from foreign countries as well as from Hong Kong and Macao.

Liang Xiang, who is here attending the current session of the National People's Congress, said in an interview with XINHUA that China's new constitution has "provided reliable protection for investors."

He said most investors have made profits in Shenzhen since the special zone was formed in 1979, and the new constitution guarantees that they can continue to do so.

With an area of 327.5 square kilometers, the Shenzhen special zone adjacent to Hong Kong has ample supplies of manpower and material, and beautiful surroundings. In the past three years, its water and electricity supply and communications and transport systems have been improved remarkably to facilitate investors.

Liang Xiang, who is also vice-governor of Guangdong Province, said a new power plant is under construction in nearby Guangzhou. This plus the projected nuclear power station and the development of the South China Sea oil field will ensure energy supply for the city.

Preferential treatments for investors, he said, include a low income tax rate of 15 percent, low expenses for the use of land, and tax-free import of capital goods.

Liang Xiang pointed out that China is concentrating its effort on socialist modernization and is strengthening legislative work. It has rich natural resources and a vast market. All this makes it an ideal place for investors.

"We welcome foreign investors so long as they respect Chinese laws and interests," he said.

CSO: 4020/32

## FOREIGN TRADE

### BRIEFS

SIERRE LEONE CONSTRUCTION PROJECT--Beijing, Nov 1 (XINHUA)--Sierra Leone President Siaka Stevens attended Friday an inauguration ceremony for the dormitories for a sugar refinery and sugarcane farm built with Chinese assistance, according to a report from Freetown. After the ceremony, the president inspected the sugar refinery and expressed satisfaction with the work of the Chinese engineers and technicians. The joint venture was officially handed over to Sierra Leone last February. The 13,000 square meters project will be completed in October 1984. [Text] [Beijing XINHUA in English 1239 GMT 1 Nov 82 OW]

HONG KONG, JAPANESE VENTURE--Tianjin, 9 Dec (XINHUA)--A joint venture company for promotion of trade was set up here on December 7 by the Tianjin Foreign Trade Corporation, Tianjin Economic Development Corporation, Kane-Matsu Goshu Ltd. of Japan, and Shin Li Investment Ltd. of Hong Kong. The new company, which has been named Tin Sung Co., Ltd., with headquarters in Tianjin, will promote trade contacts and cooperation between China and Japan, work to expand Tianjin's imports and exports, conduct economic and technical exchanges, import technology and equipment for retooling of Tianjin's enterprises. It will also help foreign firms do business in Tianjin including running joint ventures, co-production, compensation trade and processing and assembly with supplied materials. [Text] [OW091256 Beijing XINHUA in English 1204 GMT 9 Dec 82]

BOTSWANA RAILWAY PROTOCOL--Gaborone, December 10 (XINHUA)--China will help Botswana renovate the 120-kilometer railway line between the capital and the country's southern border. A protocol signed today by Wang Rensan, the Chinese ambassador, and P. S. Mmusi, Botswana minister of finance and development planning, stipulated China will provide rails, trucks and technical personnel for the project. The protocol is in accord with the 1976 Sino-Botswana agreement on economic and technical cooperation. The project will be financed by a 30 million yuan (about 15 million U.S. dollars) interest-free loan under the agreement. [Text] [OW101648 Beijing XINHUA in English 1632 GMT 10 Dec 82]

KUWAIT LOAN--Kuwait, 2 Dec (XINHUA)--Kuwait and China signed a loan agreement here today under which the Kuwait fund for Arab economic development shall make a loan of six million Kuwait dinars (20.5 million U.S. dollars) to help finance the Xiamen International Airport project. The agreement was signed by Sayyed Abdlatif Y. al-Hamad, chairman of the Kuwait Fund Board of Directors and minister of finance and planning and Zhang Yi, vice governor of Fujian Province of China. The project, which aims at connecting Xiamen area directly by air with the outside world, will cost about 46 million U.S. dollars. The loan bears interest at 3.5 percent per annum, in addition to 0.5 percent per annum to cover administrative and other expenses incurred in the implementation of the loan agreement. The execution of the project commenced in 1981 and it is expected to be completed by the middle of 1984. [Text] [OW021758 Beijing XINHUA in English 1747 GMT 2 Dec 82]

CONGO-PRC COOPERATION AGREEMENT--Brazzaville, 26 Nov (XINHUA)--Two economic agreements were signed here yesterday by Hu Shudu, the Chinese ambassador to the Congo, and secretary general of the Congolese Ministry of Cooperation Wilson Ndessabeka. Under one agreement, China will send agro-technicians to the Congo to help expand a state farm, emphasizing pig and poultry raising and vegetable growing. Under another agreement, 22 Chinese technicians working at a shipyard in the Congo will train Congolese workers for the plant. [Text] [OW270453 Beijing XINHUA in English 1649 GMT 26 Nov 82]

SHENZHEN SPECIAL ZONE--Following the affirmation of a leading central comrade that the special zone must be run and run well, the Shenzhen economic zone's recent economic development has been highly encouraging. The cadres and masses have strengthened their confidence in making a success of the zone. More and more foreign businessmen and people of all sectors from overseas are coming to visit the zone and hold talks. At the beginning of this year, investment by foreign businessmen in the special zone was affected for a time owing to the depressed state of the world economic market. However, as the special zone has done a lot of work to create an excellent investment environment and provide favorable treatment, foreign businessmen have eliminated their worries and hesitancy and strengthened their confidence. As a result a new momentum has appeared in attracting investment since July. According to statistics, 492 agreements were signed with foreign businessmen in the first 10 months of this year, involving a total investment of HK1.25 billion. Some HK\$550 million of this sum is already in use. [Text] [HK190307 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 18 Dec 82]

CSO: 4006/170

## GENERAL

### ROLE OF KEY CITIES IN NATION'S GROWTH DISCUSSED

Dalian CAIJIN WENTI YANJIU [THE STUDY OF FINANCE AND ECONOMIC PROBLEMS] in Chinese No 4, Oct 82 pp 76-81

[Article by Lu Xiyuan [0712 6932 0337]: "Stress and Develop the Economic Role of Key Cities: On Urban Economic Research"]

#### I

[Text] Cities are a socio-economic phenomenon or an economic activity. Although the historical period of their birth and development has been long, in the 20 or 30 years after World War II, the scale and speed of the growth of cities far outstripped that of any time in the past and the growth trends of urbanization and urban modernization have also become more and more prominent. In 1920 the world urban population was 253 million, or 13.6 percent of the world's population. By 1950 it had increased to 698 million, or 28.1 percent. After the fifties, urban population growth was very rapid. The world's urban population increased by nearly 1.2 billion between 1950 and 1980, as a percentage of world population this was a sharp increase from 28.1 percent to 42.2 percent. The urban population of some industrially developed nations has increased to over 60 percent of the total population (in Japan it is 63.3 percent) and in some it is above 80 percent (in England it is 88.3 percent, in West Germany, 86.4 percent and in the United States, 82.7 percent). In China, though the level of urbanization is not nearly as high as in the industrially developed nations, after the founding of the PRC, it also grew a great deal. In 1981, the urban population as a proportion of the total population had grown to 13.6 percent from 10.6 percent in 1949. The high growth of urban population has become a problem that has attracted the attention of the world economy.

In the development of the world's economy is a phenomenon which merits attention, i.e., with the large-scale and rapid concentration of population in the cities and the pace of science and technology, the number and size of cities has developed a tendency to grow and increase. The functions of cities have gone from single functional toward multifunctional or comprehensive functional. According to statistics, in 1900 there were only 38 cities in the world with populations over 100,000. By 1950 this number had grown to 484, by 1970 it had grown to 844, and by 1980 to 950. In 1950 there were 71 cities with populations over 1 million. By 1970 this had increased to 157. In some countries, there are even cities of over 10 million population. Some people

have projected that in 20 or 30 years these large cities will continue to swell and develop. The growth of cities in China is also like this. Before liberation, there were only 69 cities in China. In 1952 there were only 157, but by 1981 this number had grown from 225 in 1980 to 233. Among these cities, there are 43 with populations over 500 thousand, and the number of cities with populations of over 1 million has grown to 16 from just 5 in the early post-liberation period. Beijing and Shanghai have already become two of the world's largest cities. After the growth and emergence of these large cities, they became places where society's production, distribution, exchange, and consumptive economic activity were most concentrated, clearly occupied a place in the urban economic system, were pivotal to the economic activity of the entire society, and became key cities that played a decisive role. People came to understand this objective fact and it became a key element in economic scientific research.

Just as it is necessary to conduct research by the scientific method on other things by going from the particular to the general and from the specific to the abstract, research on cities and the urban economy should begin with the large cities, especially the key cities, to study where they differ from the characteristics and location of cities in general, to reveal the things that are the laws possessed by cities in general. This is because modern large cities and key cities not only are economically active, but also bring together politics and the superstructure. It can be said that cities and key cities are the most concentrated, concrete, and complete expression of the urban economy. Without a doubt, it should become a new and important part of what urban economics, which focuses on the study of the objective laws of urban economic growth, is to study and resolve. Only in this way can urban economic theory constantly be enriched, perfected, and improved.

## II

In China, the key cities have constantly grown along with the growth of the socialist economy. Scanning the process of formation and growth of key cities, they generally have the following characteristics: 1. the key cities have superior natural conditions and convenient communications. They are situated in or close to a source of raw materials, abundant natural resources, or are located in an important land and water, or ocean communications point and link up to all directions: they have broad economic hinterlands and in the local area can get sure supply of the industrial raw materials and agricultural and sideline products required by cities. These superior economic geographical conditions are the objective conditions which make them key cities. 2. The industrial development of key cities has a long historical process. Compared with the medium and small cities around them, the key cities have a solid foundation. They are well equipped, technologically advanced, and have a high managerial level, developed light and heavy industry, and have a complete range of categories. They have become national production centers. 3. The economic ties of the key cities are extensive and goods exchanges and foreign and domestic trade are developed. They are important collection and distribution points for goods and materials and they are important national commercial and trade centers. 4. Key cities generally have concentrated many higher level schools and colleges and scientific research agencies. Education and culture

are highly developed, technological forces are solid. They are centers of culture, education, and scientific research and have become important bases of national extension of knowledge, training, and distribution of talent. These characteristics possessed by key cities determined that they have an important influential role in the entire national economy. In particular, in the present economic reorganization and reform of the system, paying serious attention to and developing the role of the key cities has far-reaching practical significance.

#### First, Key Cities Are The Key To National Economic Development.

The key cities are places where economic activity is concentrated, affecting the economic pulse of the national economy and have a decisive influence on national economic development. According to statistics, the 15 cities of Shanghai, Tianjin, Beijing, Shenyang, Changchun, Haerbin, Xian, Lanzhou, Chongqing, Wuhan, Guangzhou, Wuxi, Hangzhou, Qingdao, and Dalian in 1980 accounted for 7.8 percent of the total population of the country, possessed 25 percent of the nation's industrial enterprise fixed assets (original cost), accounted for 37.1 percent of the nation's gross value (at 1970 prices) of industrial output (light industry making up 38.7 percent and heavy industry 35.7 percent of that amount), accounted for 42.6 percent of the tax profits of industrial enterprises, 36 percent of local revenues, 61.1 percent of the 220 cities in the country and 18.7 percent of retail sales of social goods. The institutions of higher learning in these cities make up 41.2 percent of all those in the entire country.

From this it is clear that how well the key cities do directly affects the development of the entire national economy. The speed at which the key cities grow also is directly reflected in the rate of development of our national economy. Therefore, fully utilizing the material-technological foundation of the key cities to develop their economic functions and superiority must spur on the growth of the entire national economy.

#### Next, Key Cities Can Spur on the Development of Economically Related Areas and Medium and Small Cities

A key city is not an independent economic entity: it develops close economic ties with the surrounding economic areas and medium and small cities, by virtue of its solid economic strength. On the one hand, with the many important commodities it produces it can satisfy a variety of needs and at the same time can export its advanced technological and managerial experience to other areas and through advanced communications and transportation, absorb various products and spur and promote the economic development of medium and small cities and areas linked to it. For example, according to incomplete statistics, since the PRC was founded, the 10 large shipyards, locomotive, crane, heavy machinery, and equipment plants of Dalian have sent 40,000 cadres, engineering technicians, and workers to other places and in addition have trained many more specialists and technicians. This has forcefully spurred on improvement in the production management experience and technological level of some regions and enterprises. In another regard, through cooperation, combination, and commodity distribution, key cities can also foster medium and small



cities and backward regions to invigorate their economies and promote growth to make them into satellite cities which encircle the key cities, but which are also relatively independently active. Since the founding of the PRC, the scale, productive capacity, and economic influence of the Dalian metropolitan area has grown a great deal and in production distribution, by paying attention to utilizing key cities, various resources in the medium and small cities and economically allied areas have been uncovered and the economies of these areas have been developed and great numbers of engineering technical personnel have been sent out which has made these cities and towns grow faster and faster. The gross value of industrial production of the 5 counties in the Dalian region has grown from 0.7 percent of the gross value of the entire Dalian region in 1949 to 7.3 percent in 1980. Some counties and towns have become satellite towns which have a certain influence on the Dalian region.

### Third, Key Cities Can Get Quick Economic Results with Small Investment.

There are many large and medium mainstay enterprises in the key cities. They have well-integrated industrial processes, strong technological work forces, and advanced level of production, and good economic results. This is where the superiority of key cities lies and what makes them profitable places for investment so that with the smallest input of productive factors they can obtain the most economic results. For example, in 1980 the total profits and taxes of profit-making enterprises in Dalian was 1,272 million yuan, 31.56 yuan in floating capital was used for every 100 yuan of output value, 25.33 yuan of profits and taxes were supplied for every 100 yuan of output value, 25.87 yuan of profits were supplied for every 100 yuan of capital, 40.56 yuan of profits were supplied for every 100 yuan of fixed assets; labor productivity of all personnel (in publicly-owned enterprises) was 17.992 yuan, for each staff member and worker it was 7.042 yuan, the taxes were 5,323 yuan and the profit was 3,727 yuan. It is clear that giving full play to the mainstay enterprises of the key cities, especially the dominance of the old enterprises, and developing their productive potential, frequently does not require a great investment or greater increases in resources, materials and equipment to rapidly form new productive forces and secure larger economic results.

### Finally, Key Cities Can Promote Reform of the Economic System.

The key cities have good industrial bases, a complete range of categories, many mainstay industries, many brand-name products, and strong industrial productive forces. Under present circumstances, where enterprise subordinate linkages are numerous and the structure of industry and the economic system are not rational, starting with key cities to organize enterprise coordination and alliance by industry beginning with consumer goods and key products can easily break through departmental restrictions and vertical and horizontal divisions to better develop their ability and make economic reorganization and system reform more effective. If the key cities are handled well, the reorganization of the entire economy will gain power of initiative. In economic reorganization, Dalian, for example, focused on the state of affairs where heavy industry did not have enough work. They reorganized the product structure of heavy industry sections around key products of the textile, electronics, and light industries, realigned heavy industry sections towards service to the

light, textile, and electronics industries and agricultural production, strengthened alliance and coordination of production between light and heavy industry enterprises, which not only promoted production activity of heavy industry enterprises, so that light industry rapidly formed a comprehensive productive capacity, but at the same time also accelerated the pace of production organization cooperation alliance and quickly secured considerable economic results. Fourteen key heavy industries in Dalian gave full play to their technological superiority, organized cooperation around production of bicycles, and in just one year increased productive capacity by an additional 100,000 model-26 bicycles. In 1981, the Dalian Haiyan Bicycle Industry Company was set up. In 1980, on the basis of voluntary participation and mutual benefit, Dalian's municipal industry and communications system and the building materials trades broke the dividing line between trades, sections, areas, and systems of ownership and organized 57 various kinds of economic alliances between industry and agriculture, between city and countryside, between industries, and between domestic and foreign compensatory trade, involving 208 enterprises and further invigorated the national economy.

It is not hard to see that the economic role of key cities is an objective reality which is not changed by people's will. Organizing society's production, distribution, exchange and consumption by key cities is an objective demand of socialist economic development, a demand of economic readjustment and system reform, and is an important path for developing the socialist economy with little investment but rapid results. Thus we must give serious consideration to and develop the economic role of key cities. Our urban economic theory must carefully research and summarize general problems which have been revealed by key cities to make key cities occupy a certain place in urban economic theory.

### III

Socialist economy is a planned commodity economy. The establishment of socialist ownership eliminated the anarchic situation of reckless urban growth and the exploitation of rural areas by the cities which obtained under capitalist conditions. The key cities secured stable growth under the unified planning of the state in line with the demands of the objective laws of socializing major production. However, it should be noted that under the long term influence of "leftist" mistaken ideology, restricted by an economic management system which was highly concentrated and divided by administrative regions, the economic relations which had taken shape naturally between cities and other areas were cut off and the position and role of the key cities could not get the serious consideration they deserved and their development was even limited and weakened. Today we restate this problem to work for reform of the system, and to establish an economic network which relies on the key cities to develop better the economic role of the key cities.

#### 1. Use the Superiority and Characteristics of Key City Industry To Establish a Rational Economic Structure

A rational economic structure is the foundation of urban economic activity and is a guarantee that social reproduction will be carried out smoothly. For many years now, the economic structure within key cities has been irrational, enterprises subordinate to military industry, civil use, the Central Committee, and

local areas have formed their own system: not doing things according to the characteristics of cities, indiscriminately starting projects, and blindly building factories, not only caused economic losses, but also increased confusion in urban distribution and created obstacles to urban reform; at the same time, due to the industrial concentrations of key cities, shortage of land, insufficiency of raw materials, and serious environmental pollution, industrial development was restricted to a certain degree. Establishing a rational economic structure at present should be based on the superiority and characteristics of key cities and enterprise reform and alliance should be carried out to make it an organic whole. This is the foundation for realizing regional alliance. Dalian, for example, has formed prominently superior and characteristic industries in machinery, petrochemicals, textiles and clothing, and building materials. Dalian Shipyard is the mainstay yard in national shipbuilding. Ships built for foreign buyers are of good quality, delivered on schedule, inexpensive, and have earned a good reputation abroad and foreign buyers, one after another, have clamored to place orders. However, because there is an imbalance in capacity between kinds of industries they cannot handle them and some orders cannot be accepted. If part of Dalian's machinery industry was organized into a coordinated production process, not only could it resolve the problem of Dalian Shipyard having more than it can handle, but also to a certain degree could resolve the problem of some machinery industries not getting enough to do and promote the dual development of machinery industry and the shipyard. Fully utilizing Dalian's petrochemical industry and the basic conditions of sea water chemistry, improving comprehensive utilization, raising processing depth, actively developing refined chemical industry products, and further improving economic results is also worth doing. While stressing consumer type products, Dalian electronics industry should also close gaps in industrial data processing and communication electronics products, expand their service territory to make a contribution towards realizing automation and electrification. It can be seen that fully utilizing the superiority of key cities in technology, equipment, and managerial experience can make alliance gain big economic results within a short period of time with the least outlay of manpower, material, and finances. This sort of economic cross-regional and cross-departmental alliance not only can develop one's own economic superiority, spur on the development around a region, but also can gradually transform the irrational state of key city economic structure, product composition, and enterprise organization and thus smash the economic system of regional "comprehensive whether big or small" and form a rational distribution of the national economy. Of course, to realize these things also requires granting certain authority to key cities so that under the guidance of national policy and law they can apply economic leverage, to plan on an over all basis and plan comprehensively the reorganization and alliance of their regions to begin to organize economic activity rationally.

## 2. Develop Harbor Superiority in Coastal Cities and Develop Foreign Trade.

Shanghai, Tianjin, Guangzhou, Qingdao and Dalian are China's important coastal port cities. Fully utilizing the natural conditions of these superior coastal city harbors, strengthening trade with foreign countries, and attracting economic activity in a variety of areas is a dominant aspect for developing the role of these key cities. Thus, first of all, we should further reform

and improve the foreign trade management system. Now the Central Committee has already decided the principle to develop trade abroad and invigorate the economy domestically, and to place some export goods under the management and organization of these key foreign trade cities, but for a variety of reasons they have not been completely implemented. We should also resolve some problems of local areas vying to set up foreign trade agencies. For example, in Dalian, not only are there foreign trade agencies for Liaoning and Dalian, but there are also foreign trade agencies for other provinces that makes it hard to coordinate and manage in concert. If through import-export activity of the port of Dalian a foreign trade alliance company or a northeast trade center made up of the northeast region, including Inner Mongolia or even part of North China, to manage affairs jointly could uniformly coordinate the foreign trade activity of the provinces and cities, promote the union of industry and trade and develop foreign economic trade.

There is much more that can be done to develop foreign trade. Through courageously attracting foreign capital, advanced science and technology, and managerial experience, and developing flexible and diverse foreign trade, not only could accelerate technological transformation of industry in coastal cities and urban economic construction, at the same time on the foundation of "digesting" the experience gained, coastal cities could provide the interior with much more new technology and managerial experience that conforms to China's actual circumstances and thus further strengthens the horizontal economic relationships of key cities.

### 3. Reform Commodity Circulation and Resources Management System, Establish a Uniformly Implemented Commodity Circulation Market.

Marx said that the form of commodity exchange is suited to production. Thus, while stressing industry reorganization and alliance, it is necessary to appropriately change current commodity circulation and the resource management system. This is also an important link in developing the functions of key cities.

For many years now, our commercial and resource wholesale supply agencies have largely been set up according to administrative region or administrative department. Agencies have been overlapping, warehouses have been numerous, efficiency has been low and economic results disappointing, so that circulation has been restricted, production and demand have become dislocated, creating separation and isolation between cities and rural areas, departments and regions that has weakened development of key cities as trade centers. Focusing on the key cities, regional boundaries should be smashed, commodity and resource circulation should be organized by economic region, and unified commodity distribution and resource supply agencies should be set up so that key cities will truly become regional or national trade centers.

### 4. Strengthen Self-Building of Key Cities, Gradually Establish Solid Service Centers of Various Kinds.

To fully develop the role of the key city requires strengthening urban self-building. This is an objective demand of modern economic development. For a long time, under "leftist" ideological influence urban structure and

distribution has been irrational and service work could not keep up, thus hindering development of the service functions of the key cities. Speaking of Dalian, for the past 30 or so years the proportion of non-production construction in total investment was: 21.8 percent in the "First Five", 18.8 percent in the 3-year reorganization, and 19.3 percent from 1976 to 1980. The 32 year cumulative average is 21.8 percent, lower than in the level during the "First Five" and thus creating an imbalance in the relationship between "Productive and non-productive investment". A whole series of problems: energy resources in short supply, water resources insufficient, serious pollution, overcrowded housing, crowded transportation, backward post and telegraph communications, incomplete retail outlets, had a serious influence on developing urban functions. Of course, in emphasizing building economic key cities, we are not advocating raising urban construction norms and making cities bigger and bigger, but we are based on the principle of developing superiority, developing strong points, and avoiding weakness, transforming old district, making distribution rational, controlling scale, making development appropriate and looking at functions which are advantageous for development and stressing construction of urban service facilities to create the necessary conditions for linking economic relationships, expanding economic exchange, and coordinating economic activity.

Now, we should gradually set up strong centers for banking and credit, information and forecasting, consultation, and economic research, expand the service territory of these sections and guide the economic activity of the surrounding areas. At the same time, we should get to work on such basic facilities as harbors, railways, civil air transport, posts and telegraphs, communications, and highways. Many of Dalian's basic facilities now cannot keep up with the demands of the development of international trade. Looking at the situation in Dalian, production berths are insufficient and frequently there is a backlog of ships and goods even to the point of blocking up the harbor and this has an impact on the developing foreign trade. Posts, telegraphs, and communications are old facilities from the thirties and lack modernized communication methods. Civil air transport connections with foreign countries must be via Beijing and Shanghai. In international intercourse many customers feel that this is inconvenient, this also has an impact on the development of China's trade. In addition, we should depart from the city's overall plan and the method of doing construction according to vertical authority, construction of various agencies and facilities should achieve a comprehensive balance and have an overall plan to gradually realize specialization and socialization of urban construction.

##### 5. Establish Corresponding Managerial Forms, Organize and Coordinate Key City Economic Activity.

Developing the role of the key city and establishing rational economic networks must apply administrative procedures. With the extension of key city economic activity and the expansion of the scale of economic alliance, on the foundation of alliance, economic organizations should democratically discuss creating a managerial organization like a economic consultation committee. In this way, under the guidance of state policy and planning, urban centers and economic region development plans and directions could be formulated, setting up

relationships between economic organizations and the state, coordinating economic activity between economic organizations, correctly handling the economic interests of economic units and thus make the economic function of key cities truly developed.

In summary, the question of developing the economic role of key cities, in practice, involves many questions, and in theory is a new problem that urban economics must resolve. The degree of knowledge of it and how well its role is developed directly affects the issue of reform of our entire economic system and the issue of urban construction. Today we have emphasized that we should pay serious attention to and develop the economic role of key cities and that urban economics should make key cities an important part of their research.

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GENERAL

BRIEFS

FRG ON ECONOMY--Brussels, 17 Dec (XINHUA)--Former West German Chancellor Helmut Schmidt said last night that only China is able to disengage itself from the present world economic recession. Addressing a dinner party of the Center for European Policy Study (CEPS), he said the world has entered its second depression which "is deeper than ever in history." Neither developed nor developing countries, with the "only one" exception of China, can disengage themselves from the recession or manage a new upturn, he added. He said the world economic situation is characterized big by payments deficits in many countries, declining world investments, lower raw material prices and an all-time peak in interest rates. He said the world economic situation in 1982 "has become worse and is stagnant for the third year." He predicted a worse prospect in 1983. The former chancellor accused the high U.S. interest rates as "one of the most dangerous factors in European economy." He stressed international economic cooperation, saying that "world economies are now interlinked" and that "we cannot solve economic problems by confrontation." He cautioned people not to forget "protectionist practices in the 30's which destroyed peace." "We oppose protectionism which leads to no progress of world trade," he said. The CEPS is a newly-established independent research institution for encouraging the study and discussion of public affairs, economic and defense policies in the European Community and the rest of Western Europe. [Text] [OW180009 Beijing XINHUA in English 1506 GMT 17 Dec 82]

MINORITY-NATIONALITY ECONOMY--According to HUNAN RIBAO, the first provincial seminar on minority-nationality economic theory was held from 9 to 15 December. The meeting put forward some valuable ideas on how to speed up economic construction among the minority nationalities. In accordance with the 12th Party Congress spirit, the participants voiced many useful views on economic construction in the province's minority-nationality areas. Summed up, these views were as follows: 1) adopt appropriate strategic and policy measures in light of the special features of minority-nationality economy; 2) continue to restructure the economy in minority-nationality areas and take full advantage of their superior natural resources; 3) speed up the development of communications and minority-nationality trade; 4) vigorously develop education, science and culture, and step up the training of talented people in the minority-nationality areas; 5) people in these areas must rely on their own efforts and struggle amid difficulties; at the same time, the state and the developed areas should step up financial, material and technical aid and support for them, so as to promote relatively rapid development of the economy there. [Text] [HK180605 Changsha Hunan Provincial Service in Mandarin 2310 GMT 17 Dec 82]

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